VOL 16 No 8 AUGUST 1986

SURVEY of Current Affairs

Government and Administration

Recent Legislation 251
Shorter Note
International Fund for Ireland 253

External Affairs and Defence

British-Soviet Relations 254
South Africa 256
Chemical Weapons 260
British Overseas Aid in 1985 262
The British Council 269
Turks and Caicos Islands 271

Economic and Scientific Affairs

Changing Patterns of Work 272
Profit Related Pay 273
Information Technology and the Future of Education 274
Tourism and Jobs 275
Shorter Notes
Taxpayer's Charter 276; Multi-Fibre Arrangement 277;
College of the Air 277; Rover Group 277;
Offshore Oil and Gas Licensing 278; Tidal Energy 278

Social and Cultural Affairs

Support for the Arts 279
Shorter Notes
Corporal Punishment in Schools 279;
International Child Abduction 280; UK 2000 280

Documentation 281

Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscriptions including postage and index £22·50

The *Survey of Current Affairs* is produced primarily for use overseas, but in response to requests has also been made available in Britain. Subscription and distribution inquiries should be addressed to HMSO Books, P.O. Box 276, London SW8 5DT, and editorial inquiries to Reference Services, Central Office of Information, Hercules Road, Westminster Bridge Road, London SE1 7DU. Although the material is Crown Copyright, it may be reproduced without special permission.
Other documents produced by Reference Services, if not on sale through Her Majesty's Stationery Office, may be obtained direct from the Overseas Distribution Unit, Central Office of Information, at the above address on payment of a small charge.

GOVERNMENT AND ADMINISTRATION

Recent Legislation

The public Acts of Parliament passed between 8 April and 25 July, when the summer adjournment began, are listed below. Eighteen Acts were introduced by private members: these are indicated by asterisks.[1]

Agriculture Act 1986. Makes changes in the administration of governmental support and regulation of agriculture, in some cases by introducing industry funding; also places duties on agriculture ministers to balance the interests of agriculture, the rural economy, conservation and public enjoyment of the countryside, when implementing agricultural policy. Royal Assent: 25.7.86. Ch 49, ISBN 0 10 544986 5, HMSO, £4·40.

Airports Act 1986 (see pp 93-4). Royal Assent: 8.7.86. Ch 31, ISBN 0 10 543186 9, HMSO, £7.

Animals (Scientific Procedures) Act 1986 (see pp 94-5). Royal Assent: 20.5.86. Ch 14, ISBN 0 10 541486 7, HMSO, £3·40.

Appropriation Act 1986. Prescribes how expenditure is appropriated in order to finance specific public services. Royal Assent: 25.7.86. Ch 42.

Armed Forces Act 1986. Concerns matters relating to the administration of the armed forces. Royal Assent: 26.6.86. Ch 21, ISBN 0 10 542186 3, HMSO, £3·40.

British Council and Commonwealth Institute Superannuation Act 1986. Concerns provisions for staff who are serving or have served with the British Council or Commonwealth Institute. Royal Assent: 25.7.86. Ch 51, ISBN 0 10 545186 X, HMSO, 45p.

British Shipbuilders (Borrowing Powers) Act 1986. Raises the Corporation's borrowing limits. Royal Assent: 26.6.86. Ch 19, ISBN 0 10 541986 9, HMSO, 45p.

Building Societies Act 1986 (see pp 12-14, 164 and 236). Royal Assent: 25.7.86. Ch 53, ISBN 0 10 545386 2, HMSO, £11·60.

**Children and Young Persons (Amendment) Act 1986.* Amends the law relating to children and young persons in care. Royal Assent: 8.7.86. Ch 28, ISBN 0 10 542886 8, HMSO, 80p.

**Civil Protection in Peacetime Act 1986.* Enables local authorities to use civil defence resources in connection with emergencies and disasters unconnected with any form of hostile attack by a foreign power. Royal Assent: 26.6.86. Ch 22, ISBN 0 10 542286 X, HMSO, 45p.

Commonwealth Development Corporation Act 1986. Extends the powers of the Corporation and enables the Government to make grants to it. Royal Assent: 26.6.86. Ch 25, ISBN 0 10 542586 9, HMSO, 80p.

Company Directors Disqualification Act 1986. Consolidates certain enactments relating to the disqualification of persons from being directors of companies, and from being otherwise concerned with a company's affairs. Royal Assent: 25.7.86. Ch 46, ISBN 0 10 544686 6.

**Consumer Safety (Amendment) Act 1986.* Creates new powers (proposed in 1984 White Paper, *The Safety of Goods* – see p 336, 1984) for enforcement authorities to act against unsafe goods. Royal Assent: 8.7.86. Ch 29, ISBN 0 10 542986 4, HMSO, £2·90.

**Corneal Tissue Act 1986.* Permits the removal of eyes or parts of eyes for research or therapeutic purposes by certain specified persons who are not medically qualified, subject to appropriate safeguards. Royal Assent: 26.6.86. Ch 18, ISBN 0 10 541886 2, HMSO, 45p.

Crown Agents (Amendment) Act 1986. Provides for the extension of the initial period during which interest on the Crown Agents' commencing capital debt is payable. Royal Assent: 25.7.86. Ch 43, ISBN 0 10 544386 7, HMSO, 45p.

**Disabled Persons (Services, Consultation and Representation) Act 1986.* Provides for the improvement of the effectiveness of, and the co-ordination of resources in, services for people with mental or physical handicap or mental illness; makes further provision for the assessment of the needs of such people; and establishes further consultative processes and representational rights for them. Royal Assent: 8.7.86. Ch 33, ISBN 0 10 543386 1, HMSO, £3·40.

Dockyard Services Act 1986. Enables the Government to arrange for certain dockyard services to be provided by private contractors. Royal Assent: 25.7.86. Ch 52, ISBN 0 10 545286 6, HMSO, £1·40.

**Drainage Rates (Disabled Persons) Act 1986.* Makes provision for reducing drainage rates on premises used by disabled people and invalids. Royal Assent: 26.6.86. Ch 17, ISBN 0 10 541786 6, HMSO, 45p.

Drug Trafficking Offences Act 1986 (see pp 69-71). Amendments were made during the passage of the Bill to provide statutory protection against actions for

[1]Further publication details on a few of these Acts were not available at the time of going to press.

breach of confidence to financial institutions, accountants, auditors and others who volunteer to the authorities their suspicions that a client's finances may be connected with drug trafficking; and to make a new offence of supplying cocaine kits or other drugs paraphernalia, which will have a maximum penalty of six months imprisonment. Royal Assent: 8.7.86. Ch 32, ISBN 0 10 543286 5, HMSO, £4·40.

Education Act 1986. Empowers the Government to make grants to the Fellowship of Engineering and the Further Education Unit, and makes further provision for the pooling of expenditure by local authorities on education and for related purposes. Royal Assent: 18.7.86. Ch 40, ISBN 0 10 544086 8, £1·40.

Finance Act 1986 (see pp 120-6). Royal Assent: 25.7.86. Ch 41, ISBN 0 10 544186 4, HMSO, £11·60.

**Forestry Act 1986.* Empowers the Forestry Commission to require replanting of trees after unauthorised felling. Royal Assent: 8.7.86. Ch 30, ISBN 0 10 543080 2, HMSO, 80p.

**Gaming (Amendment) Act 1986.* Amends the Gaming Act 1968 to provide for the redemption of cheques. Royal Assent: 2.5.86. Ch 11, ISBN 0 10 541186 8, HMSO, 80p.

Gas Act 1986 (see pp 14-15). Royal Assent: 25.7.86. Ch 44, ISBN 0 10 544486 3, HMSO, £7·50.

**Health Service Joint Consultative Committees (Access to Information) Act 1986.* Extends the provisions of the Local Government (Access to Information) Act 1985 to Joint Consultative Committees. Royal Assent: 26.6.86. Ch 24, ISBN 0 10 542486 2, HMSO, 80p.

**Highways (Amendment) Act 1986.* Strengthens provisions in the Highways Act 1980 dealing with smoke on roads arising from fires including straw and stubble burning. Royal Assent: 2.5.86. Ch 13, ISBN 0 10 541386 0, HMSO, 45p.

**Horticultural Produce Act 1986.* Deals with the movement of horticultural produce. Royal Assent: 26.6.86. Ch 20, ISBN 0 10 542086 7, HMSO, 80p.

**Incest and Related Offences (Scotland) Act 1986.* Makes provision for Scotland in respect of incest and related offences. Royal Assent: 18.7.86. Ch 36, ISBN 0 10 543696 0, HMSO, £1·40.

**Industrial Training Act 1986.* Enables industrial training boards to provide training and advice outside Great Britain. Royal Assent: 20.5.86. Ch 15, ISBN 0 10 541586 3, HMSO, 45p.

Insolvency Act 1986. A consolidation measure. Royal Assent: 25.7.86. Ch 45, ISBN 0 10 544586 X.

Land Registration Act 1986. Deals with the conversion of title; the registration of leases for over 21 years and the protection of leases for 21 years or less; and the method by which the priority of dealing in certain equitable interests in registered land is determined, including the abolition of the minor interests index. Royal Assent: 26.6.86. Ch 26, ISBN 0 10 542686 5, HMSO, £1·40.

Latent Damage Act 1986. Amends the law about limitation of actions concerning actions for damages for negligence not involving personal injuries; and provides for a person taking an interest in property to have, in certain circumstances, a cause of action in respect of negligent damage to the property occurring before taking that interest. Royal Assent: 18.7.86. Ch 37, ISBN 0 10 543786 7, HMSO, £1·40.

Legal Aid (Scotland) Act 1986. Establishes the Scottish Legal Aid Board as a new body to administer legal aid; makes new provisions for the availability of criminal legal aid in Scotland; repeals and re-enacts with modifications certain enactments relating to legal aid and to advice and assistance in Scotland. Royal Assent: 25.7.86. Ch 47, ISBN 0 10 544786 2.

**Marriage (Prohibited Degrees of Relationship) Act 1986.* Makes further provision with regard to the marriage of people related by affinity. Royal Assent: 20.5.86. Ch 16, ISBN 0 10 541686 X, HMSO, £1·90.

Outer Space Act 1986. Enables Britain to fulfil a number of international obligations concerning the use of outer space. Royal Assent: 18.7.86. Ch 38, ISBN 0 10 543886 3, HMSO, £1·90.

Patents, Designs and Marks Act 1986. Enables registers of patents to be kept in non-documentary form, and amends the Trade Marks Act 1938 in a number of ways, including introducing service marks (see p 161). Royal Assent: 18.7.86. Ch 39, ISBN 0 10 543986 X, HMSO, £2·90.

**Protection of Children (Tobacco) Act 1986.* Amends the Children and Young Persons Act 1933 and the Children and Young Persons (Scotland) Act 1937 to make it an offence to sell tobacco or tobacco products to people under the age of 16. Royal Assent: 8.7.86. Ch 34, ISBN 0 10 543486 8, HMSO, 80p.

**Protection of Military Remains Act 1986.* Secures protection of the remains of military aircraft and vessels that have crashed, sunk or been stranded and of associated human remains. Royal Assent: 8.7.86. Ch 35, ISBN 0 10 543586 4, HMSO, £1·90.

**Road Traffic Regulation (Parking) Act 1986.* Clarifies legislation concerning the rights of local authorities to charge for parking permits and sets out provisions permitting the use of in-car parking control devices. Royal Assent: 8.7.86. Ch 27, ISBN 0 10 542786 1, HMSO, 80p.

**Safety at Sea Act 1986.* Contains a number of measures to promote marine safety including additional safety requirements for fishing vessels. Royal Assent: 26.6.86. Ch 23, ISBN 0 10 542386 6, HMSO, £1·90.

Social Security Act 1986 (see pp 71-3). Amendments were made during the passage of the Bill to extend the invalid care allowance to married women on the same terms as married men and single women. (Previously this allowance had been given only to men and single women who had given up their sole means of livelihood to look after a severely disabled relative.) The extension comes into force immediately with retrospective effect from December 1984. Royal Assent: 25.7.86. Ch 50, ISBN 0 10 545086 3, HMSO, £9·10.

Statute Law (Repeals) Act 1986. Promotes the reform of the statute law by the repeal of certain enactments

in accordance with recommendations of the Law Commission and the Scottish Law Commission. Royal Assent: 2.5.86. Ch 12, ISBN 0 10 541286 4, HMSO, £3·40.

Wages Act 1986 (see pp 90-1). Royal Assent: 25.7.86. Ch 48, ISBN 0 10 544886 9, HMSO, £4·40.

Shorter Note

INTERNATIONAL FUND FOR IRELAND

The establishment of an International Fund for Ireland with an initial contribution of $50 million from the United States Government was welcomed by the Secretary of State for Northern Ireland, Mr Tom King, on 2 July. Mr King said that this practical support would make American resources available primarily for the benefit of the two communities in Northern Ireland – as well as to the Irish Republic – and for projects of mutual interest on both sides of the border. This was the proper way to aid Ireland, North and South, not through organisations like Noraid which funded death and destruction, said Mr King.

The United Kingdom and Irish governments are discussing arrangements for the operation of the Fund and advice will be issued on how assistance may be applied for. The United States contribution is for the current fiscal year ending in August. Other contributions so far are $C10 million over ten years from Canada and $NZ300,000 from New Zealand. The possibility of securing international financial aid for Ireland was referred to in the Anglo-Irish Agreement (see pp 367-74, 1985) which expressed the two governments' intention to co-operate to promote the economic and social development of those areas which had suffered most severely from the consequences of the instability of recent years.

Source: Northern Ireland Office press notices, 2.7.86 and 18.7.86.

British-Soviet Relations

Britain's views about long-term relations with the Soviet Union are contained in the Government's observations on a report by the House of Commons Foreign Affairs Committee on British-Soviet relations. Agreements on trade, finance and other areas of collaboration were signed by Britain and the Soviet Union on 15 July at the conclusion of an official visit to Britain by the Soviet Foreign Minister, Mr Eduard Shevardnadze. In a speech after the signing, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, spoke of co-operation between the two countries and accepted an invitation to visit the Soviet Union in 1987.

The Government's Observations[1]

The British Government welcomed the Committee's emphasis on the need, against a background of firm defence of British national interests, to work for better mutual understanding with the Soviet Union. It stressed that British policy should be founded on an accurate assessment of Soviet behaviour and intentions. On the historical and ideological factors shaping the Soviet Union's perceptions of the outside world, there was no simple answer to the question as to whether the theoretical aim of the world-wide victory of socialism had been abandoned. Britain favoured the acceptance of peaceful competition as the right way to solve 'conflict' between two social systems, and the definition of peaceful co-existence endorsed earlier this year by the 27th Congress of the Communist Party of the Soviet Union had been relatively encouraging.[2] Nevertheless the Soviet leadership was still strongly influenced by an ideology of inevitable confrontation in its assessments of foreign policy problems and of Western intentions towards it. 'Where such views persist there must always be a risk of misperception and misunderstanding; and we must consciously work to reduce it.'

Noting that the Committee had drawn attention to the sincerity of the Soviet Union's fear of war on its own territory, the Government did not doubt the validity of this fear. However, the Soviet Union's concern for the security of its own borders resulted in actions and doctrines which threatened the integrity of others, in Eastern Europe and notably in Afghanistan. 'The combination of Soviet reliance on military strength with an ideology which sees the world in competitive terms, and a disregard for basic human rights, constitutes a fundamental challenge for the West.'

British policy was to reduce the risks of misunderstanding and to enlarge the areas of potential co-operation. This gradual and long-term task was for all members of the Western Alliance and, while better relations between the United States and the Soviet Union were fundamental, Western European members could and should pursue their own dialogue with the Soviet Union in line with their own interests. As a nuclear weapon state and permanent member of the United Nations Security Council, with an influential voice in North Atlantic Treaty Organisation (NATO), European Community and Commonwealth affairs, Britain was well placed to pursue such a dialogue.

The Need for Mutual Understanding

A better understanding between Britain and the Soviet Union had to be sought by a variety of instruments, inter-governmental relations providing the basic framework. While the visit by Mr Gorbachev to Britain in 1984 had shown the important role of personal dialogue at the top (see pp 10-11, 1985), and the visit of the Lord President of the Council [Lord Whitelaw] and a parliamentary delegation earlier this year continued contact at this level, such meetings needed to be supported on a broad base of official contacts and these had been going on within the last year on a number of bilateral issues, including Africa and the Middle East, arms control, and economic and industrial co-operation (see pp 87-8 and 145). The Government also appreciated the value of non-official, including parliamentary, exchanges in helping to build increased knowledge and understanding. Contacts between scientists, professionals, students, teachers, cultural groups and individuals also increased the information about the two countries and societies and helped to realise the principles set out in the Helsinki and Madrid Conference on Security and Co-operation in Europe (CSCE) documents (see pp 325-8, 1983).

Agreeing that both governments should make serious efforts to encourage mutual understanding, the Government pointed out that, although Britain was making efforts to do so, this process could not be served by withholding comments on matters of legitimate concern, such as Soviet attitudes to human rights

[1] *UK-Soviet Relations.* Observations by the Government on the Second Report from the House of Commons Foreign Affairs Committee, Session 1985-86. Cmnd 9842. HMSO, £2·40. ISBN 0 10 198420 0. The report, together with appendices, proceedings of the Foreign Affairs Committee and minutes of evidence, were published in two volumes in March 1986 (see p 281).

[2] In his speech to the Party Congress on 25 February, the Soviet leader, Mr Mikhail Gorbachev, stated that in a world where nuclear weapons could destroy humanity the confrontation between the two systems should only be in the form of peaceful competition and peaceful rivalry.

and compliance with CSCE commitments. Furthermore, Britain believed that the main reasons for some Western stereotyped attitudes towards the Soviet Union were the latter's own attitude towards the West and the lack of openness in Soviet society and its information policy. Britain accepted the need for a continuing dialogue with the Soviet Union both on issues where there was room for co-operation and on those where interests diverged, and regarded the 1985 Geneva summit between the United States and the Soviet Union (see pp 376-8, 1985) and the continuation of this top-level dialogue as an important contribution to more stable East-West relations. A major British contribution had also been made to the pre-summit consultations which took place in NATO and Britain had made it clear to the Soviet leader the importance of his taking up the United States President's invitation to a further summit meeting in the United States in 1986.

Diplomatic Relations

The British Government favoured the deepening of co-operation through extension of bilateral agreements where this could be shown to serve mutual interests, as, for example, in the field of energy (see p 145), and would look at new proposals on their merits case by case. Referring to the Committee's recommendations that Britain should consider proposing a reciprocal lifting or relaxation of the controls on the movement of diplomats in view of the improved climate of bilateral relations, the Government stated that it had no desire to maintain reciprocal restrictions on Soviet diplomats in Britain any longer than was necessary; if the Soviet authorities abolished limits on freedom of movement to British businessmen, journalists, diplomats and other travellers in the Soviet Union, then Britain would respond. However, the Soviet restrictions applied to all foreigners and there was no realistic prospect of their being removed in the foreseeable future. They were also considerably more burdensome and restrictive than the notification arrangements Britain had had to introduce for Soviet officials.[1] Furthermore, as long as Soviet agencies continued to undertake illegitimate activities in Britain, unrestricted freedom of movement for Soviet officials would carry a potential cost for Britain's national security.

Trade

On trade relations, the Government believed that there were good possibilities in the Soviet market for companies prepared to devote the necessary long-term attention to it. Great efforts were being made to reassure businessmen that Britain welcomed the development of trade with the Soviet Union, both for the contribution it made to the British economy and because it tended to increase the interest of both governments in stable political relations. Practical assistance given included the provision of market information and advice, financial assistance available through the activities of the British Overseas Trade Board, as well as financial help towards the precontractual costs for individual tenders. The Government hoped that companies which were not currently trading with the Soviet Union would take a fresh look at the opportunities there.

[1]Soviet restrictions date back to the second world war. In common with other NATO countries, Britain reciprocated in 1953 by imposing similar restrictions, extended in 1982 following the imposition of martial law in Poland. See pp 10-11 and 43, 1982.

Cultural Relations and Education

Cultural and educational contacts and exchanges were important in enlarging understanding. Exchanges of people, including teachers and students, exchanges of exhibitions, performing arts, film and television weeks, gave substance to Britain's bilateral relations and brought benefits to those involved on both sides, and encouraged greater freedom of ideas and attitudes in the Soviet Union. Radio broadcasts made a particularly strong impact. In this regard, Britain attached importance to the Helsinki and Madrid CSCE documents which provided for the freer flow of information and for better human contacts between East and West, and would be working at the Vienna follow-up meeting in November to improve respect for these provisions.

On the Committee's recommendations aimed at increasing the level of British cultural and educational representation throughout the Soviet Union, the Government pointed out that the staffing of the cultural section of the Embassy in Moscow had been increased to three, that it was urging greater access for Soviet citizens to British Council functions and that it was taking every opportunity to increase the level of cultural activity in that country. It was also pressing the Soviet authorities to agree to make available facilities to allow exchanges of school pupils.

On the question of the level of Russian language and of Soviet studies in British schools and in higher education, the Government was concerned that, within available resources, more pupils should have the chance to study Russian. In a draft statement of policy on foreign languages in schools, published in June 1986, the Department of Education and Science had expressed the view that schools should where possible consider offering Russian as a first or second language. The Government also believed that interest in the Russian language would be further encouraged by greater openness on the part of the Soviet authorities towards travel within the Soviet Union, more direct personal contacts at all levels, and in particular by their acceptance of British proposals for in-home exchanges of secondary school pupils.

Fundamental Rights and Freedoms

Lack of progress over human rights remained a serious obstacle to public perception of the Soviet Union. It was legitimate and important to continue to bring that concern to the attention of the Soviet authorities at every suitable opportunity. The isolation of the Soviet people from information and ideas regarded as unpalatable by their Government also remained an important constraint on the development of mutual understanding. On this Britain was working for progress in line with the Helsinki provisions on information which covered for instance the availability of Western newspapers and better working conditions for journalists. It also hoped that the Soviet authorities would agree to suspend jamming of the BBC's Russian language service, which was a particularly serious attack on freedom of information, and would study carefully the BBC's requests for increases in expenditure to enable improvements to be made in the service.

Collaborative Agreements

The first of the agreements, signed by Sir Geoffrey Howe and Mr Shevardnadze, provides for a programme of economic and industrial collaboration. Its main points are:

1 encouragement and assistance to firms, trade organisations and enterprises to work together, efforts to provide credits, and exchange of information on the working of the programme;

2 co-operation in the construction, expansion and modernisation of industrial enterprises;

3 development of industrial co-operation, including joint production. This envisages joint ventures in the Soviet Union and third countries; and

4 encouragement to British firms to make long-term trading arrangements with their counterparts in the Soviet Union.

The programme will run for five years with an automatic extension for a further five-year period unless revised in 1990.

The second agreement is designed to reduce the risks of dangerous incidents at sea by regulating the manoeuvres of ships and aircraft of the two countries' armed forces when operating close to each other. It also establishes channels of communication between the two navies through the defence staffs at the respective embassies in order to provide a means of quickly resolving difficulties arising from incidents at sea.

The third agreement concludes negotiations that began over 60 years ago about pre-1939 British financial and property claims and Soviet claims in respect of British intervention during the civil war in Russia between 1918 and 1921. Under it, both governments have agreed to a mutual waiver of claims. It also provides that each government should have full title to the assets remaining in its territory and should be responsible for settling claims by its own nationals. In Britain the assets made available for distribution to private British claimants, including holders of bonds issued or guaranteed by the Russian Government prior to 7 November 1917, are understood to be more than £45 million. The British Government hopes to complete the distribution of this sum to the original claimants within three years. Finally, the agreement provides for the release to the Soviet Union of £2·65 million relating to embassy and diplomatic accounts.

Earlier, on 3 July, Britain and the Soviet Union also signed a memorandum of understanding on agricultural co-operation. Areas of potential co-operation cited include plant cultivation, livestock breeding, storage technology, the use of agro-chemicals, canning and packaging, the exchange of information in the field of biotechnology, and the joint development and improvement of equipment for the processing of livestock and poultrymeat.

Foreign and Commonwealth Secretary's Speech

Speaking at the Soviet Embassy on 15 July, Sir Geoffrey Howe said that the agreements had shown that it was possible for Britain and the Soviet Union to work together and that results could be achieved. He believed that the British and Soviet peoples looked to their governments to move forward the arms control negotiations at Geneva [on nuclear and space weapons], Stockholm [on security- and confidence-building measures in Europe] and Vienna [on conventional forces]. They had the right to demand security at lower levels of forces at lower costs; to find ways of making Europe more humane as well as more prosperous and secure, implementing the commitments made at the [1975] Helsinki and [1983] Madrid meetings; to contribute to resolving the regional issues that were causing untold suffering and threatening international stability; and to enlarge bilateral relations. While all these items had been discussed frankly and seriously by both countries, differences such as the continuing presence of Soviet troops in Afghanistan and the differing conception of the importance of human rights could not be ignored. Two areas in which the two ministers had explored ways to make progress were arms control and bilateral relations. Britain was encouraged by the apparent narrowing of the gap between the United States and the Soviet Union on strategic nuclear weapons, and wanted the two powers to resume the summit process as soon as possible.

Referring to the Soviet proposals on conventional forces,[1] Sir Geoffrey said that there was much to explore in them but pointed out that in Stockholm and in Vienna negotiations were already in train. Britain believed that a start should be made by achieving success in these negotiations and that the closing stage of the Stockholm discussions was an important test. On chemical weapons, Britain was putting forward proposals at the Conference on Disarmament in Geneva aimed at resolving the issue of finding an adequate challenge inspection regime that would open the way to an agreement banning chemical weapons (see pp 260-262). With the growing threat of proliferation on a global scale, a verifiable ban on chemical weapons had now become an urgent priority.

Concluding, Sir Geoffrey said that, while differing views of the place of the individual in society and of the nature of political and economic organisations were bound to surface sometimes in disagreements, none of these should stop both countries working together to identify common interests and eliminate misunderstandings. To deepen bilateral relations, Sir Geoffrey said that he had proposed an exchange of a Soviet Week in Britain and a British Week in the Soviet Union, and a conference on an economic theme, involving British and Soviet specialists and others from the United States and Europe.

South Africa

Meeting in London from 3 to 5 August the leaders of seven Commonwealth countries agreed that, in the light of recent events in South Africa, further measures were required to impress on the South African Government the need for urgent action to dismantle apartheid and establish a non-racial and representative government in that country. For its part, Britain, while continuing to believe that general economic sanctions would be counter-productive to promoting peaceful change in

[1]First made in April in East Berlin by the Soviet leader, Mr Mikhail Gorbachev, the proposals which aim to reduce the troops on each side by 500,000 by the early 1990s include an expansion of the number of countries participating at the negotiations in Geneva on mutual and balanced force reductions in Europe from NATO and Warsaw Pact countries to all 35 European states from the Atlantic to the Urals.

South Africa, agreed to impose voluntary bans on new investment in, and the promotion of tourism to, South Africa, and to accept and implement any European Community decision to ban the import of coal, iron and steel.

The meeting, which was convened to consider recent developments in the light of the Commonwealth Accord on Southern Africa adopted at Nassau in October 1985 (see pp 343-7, 1985), was attended by heads of Government from Australia, Bahamas, Britain, Canada, India, Zambia and Zimbabwe. It discussed the findings of the Commonwealth Eminent Persons Group (EPG), which visited Southern Africa from January to June 1986 (see pp 215-16), and the results of the mission of Britain's Foreign and Commonwealth Secretary, Sir Geoffrey Howe, to Southern Africa on behalf of the European Community (see p 216 and p 259). At the end of the meeting, the leaders issued a communiqué detailing the further measures against South Africa which they had agreed to take. Britain's views were outlined by the Prime Minister, Mrs Margaret Thatcher, at a press conference the same day.

Commonwealth Meeting

The full text of the communiqué agreed by the Commonwealth meeting is as follows.

1 As agreed at Nassau last October, our meeting was held in the special context of the crisis in Southern Africa. At the outset of our discussions we specifically reaffirmed our commitment to the Commonwealth Accord on Southern Africa which, with our other colleagues, we had concluded at Nassau. We reaffirmed, in particular, the united belief we expressed in the Accord that 'apartheid must be dismantled now if a greater tragedy is to be averted, and that concerted pressure must be brought to bear to achieve that end'.

2 At our request the Co-Chairmen of the EPG, General Olusegun Obasanjo and Mr Malcolm Fraser, introduced the report of the EPG and answered the many questions we put to them. Sir Geoffrey Howe, the British Foreign Secretary, who undertook a mission to Southern Africa in his capacity as President of the Council of Ministers of the EEC [European Economic Community], *also briefed us on the results of his mission.*

3 The report of the EPG, Mission to South Africa, *was the central document at our discussions. That unanimous report has commanded attention worldwide as pointing the way forward for South Africa and for the world in relation to South Africa. We warmly commend the Group's work which has made a positive and enduring contribution to the efforts to end apartheid and establish a non-racial and representative government in South Africa. We particularly commend the EPG's 'negotiating concept' and deeply regret its rejection by the South African Government.*

4 At Nassau, the Commonwealth unanimously adopted a common programme of action which included a number of economic measures against South Africa. It was our collective hope that those measures and the efforts of the EPG to promote a process of dialogue in South Africa would, within six months, bring about concrete progress towards our objectives of seeing apartheid dismantled and the structures of democracy erected in South Africa.

5 As envisaged in the Accord, we have reviewed the situation. We are profoundly disappointed that the authorities in Pretoria have taken none of the five steps which at Nassau we called on them to take 'in a genuine manner and as a matter of urgency'. Nelson Mandela and other political leaders remain in prison. A new and more widely repressive emergency has been imposed and political freedom more rigorously curtailed; the ANC [African National Congress] *and other political parties are still banned. Beyond these, however, it has been a matter of deep concern to us that the EPG after its most patient efforts has been forced to conclude that 'at present there is no genuine intention on the part of the South African Government to dismantle apartheid and no present prospect of a process of dialogue leading to the establishment of a non-racial and representative government'. We had looked at Nassau for the initiation by Pretoria of a process of dialogue in the context of a suspension of violence on all sides. Instead, as the EPG found, the cycle of violence and counter-violence has spiralled.*

6 We receive the Group's findings with disappointment, and deplore the conduct of the South African Government whose actions, including the raids on neighbouring countries at a crucial moment of the EPG's work, terminated its efforts for peaceful change. We continue to believe with the EPG that the cycle of violence in South Africa must end. It is clearly established that the situation in South Africa constitutes a serious threat to regional peace and security.

7 It is thus clear to us that since our meeting in Nassau there has not been the adequate concrete progress that we looked for there. Indeed, the situation has deteriorated.

8 Accordingly, in the light of our review and of our agreement at Nassau, we have considered the adoption of further measures against the background of the EPG's conclusion that the absence of effective economic pressure on South Africa and the belief of the South African authorities that it need not be feared are actually deferring change. We acknowledge that the Commonwealth cannot stand by and allow the cycle of violence to spiral, but must take effective concerted action.

9 We are agreed that one element of such action must be the adoption of further measures designed to impress on the authorities in Pretoria the compelling urgency of dismantling apartheid and erecting the structures of democracy in South Africa.

10 In doing so, we have looked particularly at the measures listed in paragraph 7 of the Accord which some of us at Nassau had already indicated a willingness to include in any consideration of further measures. But we have looked as well to other measures under consideration elsewhere. In deciding on the adoption of further measures, we recognise that if they are to have maximum effect they should be part of a wider programme of international action.

11 The British Government's position is set out in paragraph 12. The rest of us have agreed as follows:

(A) The adoption of further substantial economic measures against South Africa is a moral and political imperative to which a positive response can no longer be deferred.

(B) We ourselves will therefore adopt the following measures and commend them to the rest of

the Commonwealth and the wider international community for urgent adoption and implementation:

(i) all the measures listed in paragraph 7 of the Nassau Accord, namely:

(a) a ban on air links with South Africa,

(b) a ban on new investment or reinvestment of profits earned in South Africa,

(c) a ban on the import of agricultural products from South Africa,

(d) the termination of double taxation agreements with South Africa,

(e) the termination of all government assistance to, investment in, and trade with, South Africa,

(f) a ban on all government procurement in South Africa,

(g) a ban on government contracts with majority-owned South African companies, and

(h) a ban on the promotion of tourism to South Africa, and

(ii) the following additional measures:

(i) a ban on all new bank loans to South Africa, whether to the public or private sectors,

(j) a ban on the import of uranium, coal, iron and steel from South Africa, and

(k) the withdrawal of all consular facilities in South Africa except for our own nationals and nationals of third countries to whom we render consular services.

(C) While expressing both concern and regret that the British Government does not join in our agreement, we note its intention to proceed with the measures mentioned in paragraph 12 below.

(D) We feel, however, that we must do more. We look beyond the Commonwealth to the wider international community. We will, therefore, immediately embark on intensive consultations within the international community with a view to securing concerted international action in the coming months, our emphasis being on those countries that presently sustain a significant level of economic relations with South Africa.

12 The British Government, while taking a different view on the likely impact of economic sanctions, declares that it will:

(A) put a voluntary ban on new investment in South Africa;

(B) put a voluntary ban on the promotion of tourism to South Africa; and

(C) accept and implement any EEC decision to ban the import of coal, iron, and steel and of gold coins from South Africa.

13 As a further element of our collective commitment to effective action, we have requested the Secretary-General, with assistance from our governments, to co-ordinate the implementation of the agreed measures and to identify such adjustment as may be necessary in Commonwealth countries affected by them.

14 We renew the call we made at Nassau on the authorities in Pretoria to initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion with a view to establishing a non-racial and representative government in a united and non-fragmented South Africa. If Pretoria responds positively to this call and takes the other steps for which we called in paragraph 2 of the Nassau Accord, we stand ready to review the situation and to rescind the measures we have adopted if appropriate; and to contribute, in all ways open to us, to an orderly transition to social, economic and political justice in South Africa and to peace and stability in Southern Africa as a whole.

15 On the other hand, we are equally mindful of our further commitment at Nassau that if in a reasonable time even these further measures have not had the desired effect, still further effective measures will have to be considered. We trust that the authorities in Pretoria will recognise the seriousness of our resolve. Acts of economic or other aggression against neighbouring states by way of retaliation or otherwise will activate that resolve.

16 Regretting the absence of full agreement but recognising that the potential for united Commonwealth action still exists, we agree that the seven governments will keep the situation under review with the view to advising whether any further collective Commonwealth action, including a full heads of Government meeting, is desirable. We are conscious that the situation in South Africa may evolve rapidly and dangerously. We believe the Commonwealth must retain its capacity to help to advance the objectives of the Nassau Accord and be ready to use all the means at its disposal to do so.

17 Meeting in London at a time of heightened strains within our association, we take the opportunity to renew our own firm commitment to the future of the Commonwealth and to the aims and objectives which have guided it over the years. We are fortified in this renewal by the spirit of frankness in friendship which characterised our discussions and our belief that they have helped to light a common path towards fulfilment of our common purpose, namely, the dismantling of apartheid and the establishment of a non-racial and representative government in South Africa as a matter of compelling urgency.

Britain's View

At her press conference Mrs Thatcher said that the meeting had ended with a further substantial demonstration of the Commonwealth's collective disapproval of the indefensible system of apartheid. The participants had been able to reach agreement on how, in their different ways, they should register their abhorrence of apartheid and the urgent need for further reform in South Africa.

Referring to the meeting's discussions, Mrs Thatcher said that she had made a number of points. First, no one could claim that the British Government was easy on apartheid; it had not been and was not going to be. The system was wrong and had to go. Second, the scale of Britain's involvement in South Africa, together with that of Europe, meant that even relatively few measures would impart a sharper shock than a much longer list of measures taken by the Commonwealth as a whole. Moreover, some states had legal obligations as members of other groups. Britain, for example, could only move on trade matters if the

European Community as a whole agreed to move with it. Third, Britain did not believe that further sanctions would bring about internal change in South Africa; they could on the contrary prove counterproductive. Furthermore, it was difficult to defend sanctions in the face of unemployment, poverty and famine among black families in South Africa, where there was no social security welfare.

Even bearing those three points in mind, however, Mrs Thatcher continued, it had been clear that others had taken a different view and had favoured further action against South Africa in the genuine belief that only this would move the South African Government. Against this background of differing beliefs, Britain had decided that, if the European Community were to introduce the measures mentioned in The Hague communiqué (see p 216), it would accept and implement them. That would mean that Britain, with other Community members, would ban imports of coal, iron and steel along with those of gold coins (which the British Government had already brought into operation). In addition, Britain was prepared to introduce voluntary bans on new investment in South Africa (the only other measure mentioned in The Hague communiqué) and on the promotion of tourism to South Africa, both measures having been mentioned in the Nassau Accord. Britain's readiness to take these steps demonstrated its commitment to the Commonwealth and to the Community.

Britain continued to believe that the goal of dismantling apartheid and establishing democracy in South Africa in the context of a suspension of violence would be reached in the end by negotiation. Britain sought racial justice with peace, not amid an economic wasteland, but amid the growing prosperity which a non-racial South Africa could enjoy.

European Community Mission

In accordance with the mandate entrusted to him by the 12 member countries of the European Community at The Hague in June, Sir Geoffrey Howe made two visits to Southern Africa during July. From 9 to 11 July he held talks with the leaders of Zambia, Zimbabwe and Mozambique, and, during a second visit from 22 to 29 July, undertook a programme of 20 meetings in South Africa, including talks at the beginning and end of his mission with the South African State President, Mr P. W. Botha, and other members of the South African Government. Sir Geoffrey also met opposition and government members of parliament and black and white business leaders as well as the leaders of two black homelands. Outside South Africa, he had further talks with the leaders of Zambia and Botswana and also met the leaders of Swaziland and Lesotho.

In a press conference in Pretoria on 29 July, Sir Geoffrey said that during the second leg of his mission he had listened to an impressive range of opinion in and outside South Africa, which had given additional weight and purpose to his discussions with the South African Government. Three propositions, in particular, had repeatedly emerged: first, that the process of change which had already begun in South Africa had to address itself urgently to the fundamentals; second, that if change was to be peacefully effected on the scale required, then it had to be built upon dialogue between the South African Government and freely-chosen leaders of the black population; and third, that such dialogue would not be possible so long as black leaders like Nelson Mandela were imprisoned or in exile and organisations such as the ANC were banned. It followed from this that black people had to be brought fully into the political process and that the key moves would have to be made by the South African Government.

Since the South African Government had taken the first steps to dismantle apartheid, Sir Geoffrey continued, it had to carry through that process in a way which could enlist the support and involvement of the majority. The key to the future was in its hands. The way ahead, however, had to include the rebuilding of trust between the races, he said. For many years, most recently in the 'negotiating concept' of the EPG, the crucial elements of confidence and reciprocity had been recognised. 'What is needed is that the South African Government should agree to release Mandela and other political prisoners, to unban the ANC and other political parties, and to enter into peaceful dialogue against a matching commitment from the ANC to call a halt to violence and to enter into peaceful dialogue. . . . The blunt truth is that sooner or later all the people of South Africa will have to get round the negotiating table and it is plain common sense that that should be sooner.'

Reporting to the House of Lords on the outcome of the mission on 31 July (*Hansard* (*HL*), Vol 479, No 142, cols 1034-46) Baroness Young, Minister of State at the Foreign and Commonwealth Office, said that Sir Geoffrey's discussions with the leaders of Southern African states had provided a valuable opportunity to explain the European Community's policy and to seek their views on the South African problem. They had brought out the serious concern felt by most of South Africa's neighbours about the potential consequences for their countries of a policy of general economic sanctions against South Africa and the dangers of escalating confrontation in the region.

In his discussions with the South African Government, Lady Young continued, Sir Geoffrey had made clear the view of the 12 Community members of the urgent need for fundamental but peaceful change in South Africa, leading to the total abolition of apartheid. The British Government regretted that the responses Sir Geoffrey had received from the South African Government had not been such as to enable him to report progress of the kind which he had sought.

South African Views

Speaking at a press conference on 29 July, President Botha said that South Africa could not allow uncalled-for direct interference in its internal affairs. It had become clear that Sir Geoffrey had not really been interested in recent positive political, economic and social reforms carried out by the South African Government and had come to South Africa to bring pressure for the release of Nelson Mandela and the lifting of the ban on the ANC. In response South Africa had pointed out that Mr Mandela could be released once he was prepared to abandon violence, thereby making it possible to have discussions with him in circumstances of peace. Sir Geoffrey had also been informed that there could be no question of talks with the ANC as long as it was under Communist control. The lifting of the ban on the ANC could only take place if it abandoned violence and took part in peaceful processes in South Africa.

Mr Botha said that the South African Government remained resolutely committed to dialogue as part of its efforts to broaden democracy. Such dialogue, he believed, should not inevitably have the result of jeopardising the self-determination of the groups and communities in South Africa, a multi-cultural country, but be an instrument of hope, peace and freedom for all.

Turning to the issue of sanctions, Mr Botha said that Sir Geoffrey's recent speech in the House of Commons (see p 217) was nothing but a threat against South Africa. Sanctions would, however, hurt its neighbours more than they would South Africa. He was ready to meet other Southern African leaders as well as those of the European Community in order to identify and address the problems and seek solutions. South Africa would never be handed over to Communist forces in disguise and, if sanctions were applied, it would have no alternative but to preserve its national interests.

Chemical Weapons

New proposals, providing for a challenge procedure to verify compliance with an eventual convention banning chemical weapons, were presented by Britain to the Conference on Disarmament in Geneva in July.

Britain is committed to achieving a comprehensive, world-wide and verifiable ban on chemical weapons, having abandoned its chemical warfare capability in the late 1950s. In 1976 Britain tabled a draft convention on the development, production and stockpiling of such weapons, and in recent years has introduced a number of working papers into the Conference. These have included detailed proposals on compliance (see pp 103-4, 1985), the verification of non-production of banned chemicals, measures to prevent the misuse of civil chemical facilities and the diversion of certain industrial chemicals to illicit military use, and the institutions necessary to administer a convention. An earlier paper on challenge inspection was tabled in 1984 (see pp 79-80, 1984).

Minister's Speech

Need for a Convention

Speaking at the Conference on 15 July, Mr Timothy Renton, a Minister of State at the Foreign and Commonwealth Office, referred to recent instances of the use of chemical weapons in many parts of the world and said that Britain considered these deliberate breaches of the 1925 Geneva Protocol to be 'wholly unacceptable'.[1] On their use in the war between Iraq and Iran (see pp 88-9), Mr Renton pointed out that three separate United Nations fact-finding missions had reported that chemical weapons had been used there between 1984 and 1986 and had, in 1986, identified Iraq as being responsible; after each report the use of chemical weapons was condemned by many individual states, and collectively by the United Nations Security Council. While there had been too many examples of disregard for international law by both Iraq and Iran, the sheer scale of the use of chemical weapons by Iraq had to be a matter of the greatest concern since as many as 10,000 people were estimated to be casualties of 'this appalling form of warfare'. Britain believed that Iraq had full-scale production facilities capable of producing many hundreds of tonnes of mustard gas and of nerve agents and could be constructing new production complexes, and Iran could in turn be taking steps to acquire its own chemical weapons.

There were also wider and equally serious implications, both in the Middle East, where there was evidence that other countries were developing an offensive chemical weapon capability, and worldwide where states, reflecting the fact that Iraq had been able to use chemical weapons without serious international cost, could strive for advantage by covertly building their own chemical weapons stocks. There could be more than 20 nations, Mr Renton warned, which now either possessed chemical weapons or were looking at the option of acquiring them. Britain and many other countries had imposed export controls to try to inhibit Iraq and Iran from manufacturing lethal chemical agents and a number of states had recently provided their national chemical industries with a warning list of chemicals to reduce still further the possibility of inadvertent assistance in the manufacture of chemical weapons. However, while such arrangements were useful, they could not prevent any country determined to flout the Geneva Protocol. Welcoming the consensus of the Conference on Disarmament that the problem of proliferation of chemical weapons had to be dealt with by a chemical weapons convention and not by a non-proliferation regime, Mr Renton pointed out that the only sure way to prevent the use of chemical weapons was to agree to this and to ensure that all countries adhered to it. States at the Conference stood at a critical moment in deliberations on this issue, he said. 'Either we all negotiate seriously, and quickly, and agree a treaty. Or we recognise the genie is beginning to make its escape from the bottle, and we accept the consequences of living forever under its shadow.'

Referring to proposals in the Soviet Union's statement on chemical weapons made at the Conference on 22 April,[1] Mr Renton said that Britain believed them to be 'a small but welcome step forward'. Britain was greatly encouraged that the Soviet Union was at last setting out its position in detail although most of

[1]The Geneva Protocol bans the use of chemical and biological (bacteriological) weapons though not their possession.

[1]In its statement, the Soviet Union proposed a timetable under which chemical weapons production would cease immediately and each country would declare the location of all its chemical weapon production facilities within 30 days. In addition, countries would have to close down these facilities and ban their occupancy within three months, and these measures would be followed by the elimination of stockpiles over a period of six months; not later than a year after the agreement came into force, states would start the destruction or dismantling of production facilities. Each step would be subject to on-site inspection, including the presence of international inspectors during every important operation in removing the chemical weapons factories.

the statement did no more than reflect what already seemed to be the consensus at the Conference. Furthermore, it had followed years of negotiation in which Western and non-aligned delegations had put forward a range of constructive and practical suggestions for advancing the negotiations, to be met largely by indifference or silence from the Soviet Union. A serious Soviet statement, nevertheless, deserved a serious response and Britain would work to respond fully to all its points.

Challenge Inspection

Turning to the issue of a challenge inspection, Mr Renton emphasised the need to distinguish between this and routine inspection. There was common ground at the Conference on measures needed for routine inspection, which would provide confidence to all parties to a convention that others were complying with their obligations in respect of declared sites, facilities and stockpiles. For other activities which could not be resolved by these arrangements, Britain believed that parties should have the opportunity to resolve these by bilateral or multilateral co-operation involving a fact-finding procedure. Britain was encouraged by the degree of consensus at the Conference on this type of co-operation.

Mr Renton pointed out that a convention would not be secure and complete unless it was supplemented by a stringent regime providing for inspection on challenge in exceptional circumstances, that is, a mechanism of last resort whereby all signatories could feel truly assured that their security was lastingly enhanced. This system had to act as a major deterrent, making it so likely that violations would be discovered that any state would be discouraged from considering such an act. Any such state would also have to take account of the likely reactions of other countries should it attempt to conceal breaches by refusing a challenge inspection. Although an inspection regime would have to be as stringent as possible, Britain hoped that this right to request an inspection on challenge would never have to be invoked. The regime, however, also had to provide the basis for a rigorous inspection if it should be required.

Although a range of comprehensive proposals on these lines had been made during the past two years (including those contained in a United States draft treaty[1]), and valuable discussions had occurred at the Conference, Mr Renton pointed out that there remained a clear and enduring difference of approach between many delegations. The purpose of the British paper (see below) was to try to accommodate the concerns expressed by the various parties and to establish a new basis for consensus which could then provide one of the several solid pillars on which a successful convention had to be based. The British approach was based on the principle that, in accepting any international agreement, a state voluntarily accepted certain obligations which implicitly affected its right to take sovereign action. A further principle following from this was that, in order to provide confidence in any agreement, it was in a nation's own interests to demonstrate to others that it was fulfilling the obligations it had assumed.

United States Chemical Weapons

Referring to the decision of the United States to modernise its chemical weapons,[1] Mr Renton reminded the Conference that Britain had unilaterally abandoned its chemical warfare capability in the 1950s and that the United States had in 1969 imposed a unilateral moratorium on the production of chemical weapons; the Soviet Union had responded, however, by building up a truly massive stockpile of chemical weapons, possibly approaching in total all the chemical weapons produced by all other nations ever since chemical warfare first began. While Britain and its allies in the North Atlantic Treaty Organisation (NATO) wanted a ban, it would be irresponsible of NATO not to consider ways of countering the potential Soviet threat. The new United States weapons would not be available in the near future, however, since the Congress had agreed that their final assembly could not take place before December 1987. Britain looked to the Soviet Union to ensure that such a step would not be necessary. 'It is up to the leadership in Moscow to decide whether negotiations can succeed in removing all chemical weapons; or whether by their own actions they will call forth a legitimate and proportionate response from the West. Conversely, the prospect of United States modernisation should underline to all the advantages of a total ban.'

The British Paper

Entitled 'Verification and Compliance – The Challenge Element', the British paper states that inspection on challenge would be a mechanism of last resort required only in special cases and would apply independently of any consultation or routine inspection procedures. Its main elements are:

1 Should any party request clarification or resolution regarding doubts about compliance, the party receiving such a request would be obliged to demonstrate that it was in full compliance with the convention.

2 There would be a fact-finding procedure under which any requesting state could draw its request to the attention of other parties and to the convention's executive council so that any subsequent action the executive council might take would have a high degree of international authority.

3 Each state would have the right directly to request an inspection of another state under challenge inspection. This would be made to a technical secretariat which would then notify the executive council and the state to be inspected.

4 An inspection would be carried out impartially by members of the technical secretariat, who would be required to reach the location or facility as rapidly as possible, and not later than 72 hours from the issue of a challenge; it would be expected that any state receiving a request for an inspection would allow the inspection team to carry out a comprehensive investigation to discover the facts.

[1]The United States draft treaty on the banning of chemical weapons tabled in Geneva in 1984 included a stringent, short-notice 'anytime-anywhere' challenge inspection proposal, but the Soviet Union, while accepting in principle the need for challenge inspection, has refused to negotiate on the United States proposal.

[1]At a meeting in Brussels of the NATO Defence Planning Committee on 28 April, Britain and its NATO allies approved the first stage of the United States plan to modernise its chemical weapons with the production of binary munitions (weapons in which two chemical ingredients mix in flight to produce the chemical agent).

5 In recognition of the fact that a state receiving a challenge could have legitimate security interests at stake, the challenged state would have a very restricted right to propose alternative measures that would provide the necessary information to get the matter resolved. If these did not enable this to be done, further alternatives would have to be provided by the requested state until there was sufficient information to enable a conclusion to be reached. The time limit for this process would be a maximum of seven days.

6 After an inspection the requesting state would inform the executive council whether it was satisfied that the requested state was in compliance. If it remained dissatisfied, the executive council would need to consider what further steps needed to be taken. The obligation upon the requested state to demonstrate its compliance would remain.

British Overseas Aid in 1985

Britain's programme of assistance to developing countries, which is to be increased in real terms over the next three years, is described by the Overseas Development Administration in its annual review published in July.[1]

In 1985, as in 1984, the predominant feature of the international background to Britain's programme of aid to developing countries was the continuing famine in large parts of Africa. Public concern for the victims, as demonstrated by the international response to the fund-raising efforts of Live Aid and other voluntary agencies (see p 189), continued, and extensive media coverage helped to increase understanding of the underlying causes of famine and of the complex problems confronting the poorer countries. Against this background the Government announced in November that the planned aid allocations for the three financial years 1986-87 to 1988-89 would be increased by £57 million, £100 million and £140 million respectively over the 1985-86 level, which would mean that the aid programme would more than maintain its real value during these years.

The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD/the World Bank) continued to play a central role in helping the poor countries to overcome their economic problems. At their annual meeting in Seoul in October 1985, they discussed a more active role for the World Bank in middle-income debtor countries through the support of economic adjustment programmes by those countries to help create the conditions necessary to attract financial flows from other sources, including commercial banks.

Britain played a full part in encouraging better discussion and co-ordination amongst donors and recipients at several levels: in World Bank-led consultative groups; in discussions of key economic and social sectors (such as water and education); in bilateral discussions with recipients; and at Development Assistance Committee (see below) donor meetings. Britain also plans to share with other donors the findings of its evaluations of past aid projects.

Public expenditure on overseas aid[1] in 1985 amounted to £1,317 million gross; of this some £822 million (62·4 per cent) was bilateral aid, and £495 million (37·6 per cent) was multilateral aid, provided through the European Community, the World Bank group, United Nations agencies, and other organisations.

INTERNATIONAL TARGETS

Britain's aid represents part of a world-wide effort to raise living standards in developing countries, which is monitored by the Development Assistance Committee of the Organisation for Economic Co-operation and Development, of which all major Western donor countries are members. Aid performance is usually measured against one of two internationally recognised targets. The first, embodied in the Strategy for the Second United Nations Development Decade (1971-80) adopted by the General Assembly in 1970, calls for the net flow of official development assistance (oda)[2] to be at least 0·7 per cent of gross national product (GNP). Britain has accepted this target in principle, but has set no timetable for achieving it, progress being dependent on Britain's own economic situation and other calls on its resources. In 1985 Britain's net oda amounted to £1,181 million, an estimated 0·34 per cent of GNP. The figure for all donor countries in membership of the Development Assistance Committee in 1985 was 0·35 per cent of their combined GNP.

Total net official development assistance flows in 1985 from all sources amounted to about $36,000 million. Aid disbursed by Development Assistance Committee donors rose to nearly $29,600 million, while that from the Organisation of Petroleum Exporting Countries fell to about $3,000 million. Aid from the centrally planned economies totalled an estimated $3,120 million, about 0·21 per cent of GNP.

The other international target, adopted by the United Nations Conference on Trade and Development in 1968, calls for all flows, both private and official, to developing countries to represent at least 1 per cent of GNP. Britain's total flows for 1985 – some £2,833 million – represented 0·81 per cent of GNP. Private flows, consisting mainly of direct investment, export credits and bank lending, totalled some £1,356 million in 1985 and included some £130 million in spending overseas by voluntary aid organisations.

BILATERAL AID

Some £822 million of gross public expenditure on overseas aid was bilateral assistance. Of this, £278 million, all in grant form, was provided for the technical co-operation programme (which provides developing countries with access to essential skills and expertise

[1] *British Overseas Aid in 1985*. Annual review of the work of the Overseas Development Administration. HMSO, £6·95. ISBN 0 902500 18 X.

[1] Public expenditure on oversees aid, the main British concept for reporting aid flows, is made up of expenditure by the Overseas Development Administration, funds drawn from the Commonwealth Development Corporation's past earnings and small amounts paid to international organisations by other government departments.

[2] Official development assistance is an international reporting concept and comprises official aid flows having a grant (concessional) element of 25 per cent or more, and other official flows.

through the provision of manpower, training and consultancies), the remainder being £429 million in financial aid and £79 million in investment by the Commonwealth Development Corporation (CDC - see pp 191-2). Some £36 million was accounted for by administrative costs. About 65 per cent of allocable bilateral aid, £443 million, went to Commonwealth countries including £50·5 million for Britain's dependencies, which remain a first charge on the aid programme, with £238 million (35 per cent) going to non-Commonwealth countries. (Another £140·5 million was not allocable by country.) The largest individual recipient was India (with £106 million), followed by Sudan (£42 million), Bangladesh (£41 million), Kenya (£34 million), Indonesia (£34 million), Ethiopia (£28 million), Zambia (£26 million), and Zimbabwe (£24 million). The share of allocable bilateral assistance going to the poorest 50 countries (as defined by the World Bank) was 62 per cent. Although bilateral aid was provided to 124 countries, 56 per cent of it went to ten major recipients.

In 1985 the overall regional balance of the bilateral aid programme was changed, with considerably more aid going to Africa than to Asia. Asia received 37 per cent of the total allocable by region and Africa 45 per cent, while the remaining 18 per cent was spread widely among other parts of the world including Latin America and the Caribbean (the corresponding figures for 1984 were 46 per cent, 40 per cent and 14 per cent respectively). Within the two main categories of aid, financial aid and technical co-operation, several different forms of assistance were provided, either separately or in combination, to meet the individual needs of recipients and were increasingly used to tackle a range of problems in whole economic sectors (agriculture or railways, for example).

Assistance for projects, such as the establishment of new, or expansion of existing, production and infrastructure facilities (for example a hydroelectric installation or railway modernisation), was the largest single element within financial aid. Also of major importance were programme aid, that is, assistance to purchase essential spares and raw materials, and the Aid and Trade Provision (ATP). Budgetary aid was given to six countries and, with the inclusion of Ghana, the number of aid recipients benefiting from the cancellation of debts on past loans in a scheme known as Retrospective Terms Adjustment, was increased to 21, including 12 countries in sub-Saharan Africa. The overall cost of this scheme is about £1,000 million and Britain ranks second among donors who have adopted similar policies. Disaster relief and food aid increased significantly in 1985, largely because of the famine in sub-Saharan Africa.

Aid by Sectors

Expenditure on projects in the various economic sectors in 1985 (including CDC loans and ATP funds) totalled £323·7 million, of which £64·6 million was for renewable natural resources (agriculture, forestry, fisheries and irrigation); £24·7 million for mining; £15·6 million for manufacturing (including agricultural processing and fertiliser production); £128·6 million for energy projects; £56·6 million for transport and communications; and £30·6 million for social and community services, including water supply, sanitation, urban and industrial development, housing, education, health and welfare, and public administration.

Commonwealth Development Corporation

The CDC funds its investments by borrowing at concessional rates of interest from the aid programme, borrowing on commercial terms, and by using the excess of its income investments over its own debt-servicing obligations. In the financial year 1985-86 the Corporation received £41 million in aid loans, borrowed £6 million on commercial terms from the National Loans Fund and had available some £36 million from its own resources. Commitments to both new and existing projects totalled £106 million, 72 per cent of which was invested in renewable natural resources projects. At the end of the year, the CDC had investments totalling £907·7 million, spread across 266 projects in 48 countries. Of these, 68 per cent were in Commonwealth countries (see p 191).

For several years, the CDC has promoted the development of nucleus estates and outgrower schemes, a concept it pioneered, which enable farmers to grow crops for centralised processing and co-ordinated marketing while also growing food for their own and local consumption. At the end of 1985, the CDC had investments and commitments of £80 million in 11 nucleus estates in Africa involving 40,000 smallholders. Major new commitments to Africa during the year included £19·2 million to the Government of Ivory Coast to help promote the oil-palm industry and the planting of a hardwood forest.

Aid and Trade Provision

In 1985 further changes were introduced in the operation of the ATP (the facility established in 1977 to give financial support for British contract bids for developmentally worthwhile projects where other donors are offering concessional finance). In November a new loan facility was announced which will run for an initial period of five years and complement the existing mixed credit mechanism (that is, the use of ATP grant funds in association with export credits). Under this facility, banks will provide long-term loans to developing countries at low rates of interest for specific projects agreed between Britain and the recipient country. Such loans will normally be guaranteed by the Export Credits Guarantee Department (ECGD), the Government compensating the banks annually over the life of the loan for providing funds to the borrower at a concessional rate of interest. The ATP will finance the difference between the rate charged to the developing country and the internationally agreed rate that would apply to a fixed rate export credit. The ECGD will meet the difference between the latter rate and the agreed commercial rate of interest. In the financial years 1986-87 to 1988-89, £3 million, £10 million and £20 million respectively will be provided to finance the ATP cost of the new loan facility.

In 1985, ATP expenditure amounted to £44·4 million, with eight new agreements being signed valued at £27 million. In addition, 22 offers of ATP were made during the year. The use of ATP to fund small technical co-operation projects (feasibility studies, for example) continued to expand, 13 such projects having been implemented with many more under consideration. New agreements included the development of

electricity and coal-mining projects in Egypt and the construction of rail bridges in Indonesia.

Emergency Relief

The Overseas Development Administration's (ODA) special Disaster and Refugee Units are concerned with the need to respond quickly to disasters and to provide relief to refugees. In 1985, as the famine in Africa continued, a prominent role in disaster relief was played by the British armed forces. By the time the last Royal Air Force Hercules aircraft left Ethiopia in December (see p 233, 1985), Britain's contribution to the airdrop of supplies to the famine areas had lasted 14 months, facilitating the movement of over 32,000 tonnes of grain to the worst and most inaccessible parts. In September, after a major earthquake in Mexico, a party of Royal Engineers, helicopters and equipment arrived in Mexico City from Belize to help with the rescue operation and, following a major volcanic eruption in western Colombia in November, helicopters and a Hercules aircraft carrying tents, picks, shovels, canned food and medical teams and supplies, travelled to Bogotá to help with rescue work and the transport of relief supplies. These responses were mounted under standing arrangements by which the ODA's Disaster Unit contacts the Ministry of Defence for immediate mobilisation of the resources of the armed forces to assist disaster relief.[1]

Britain continued to provide assistance to refugees (£31 million), which was channelled principally through multilateral agencies.

Technical Co-operation

Of the £278 million spent in 1985 on technical co-operation, £154 million fell within bilateral country programmes, £53 million of it being spent on the provision of manpower; £53 million on training in Britain and overseas; and £30 million on the supply of advice through British consultants. At the end of 1985 there were 3,131 aid personnel serving overseas and 5,886 students and trainees from 116 countries were on courses.

Manpower Aid

The development of human resources, especially the creation and strengthening of efficient and well-structured public services, is an important element of overseas aid. In Africa in particular, the improvement of local management capabilities is vital. Britain's manpower policy is therefore focused on the task of building and improving institutional capacity in developing countries and the Government continues to review manpower and training programmes in order to meet changing needs and priorities. In 1985 a new major manpower programme was established in Zimbabwe to add to those already operating successfully in Kenya, Malawi and Zambia.

Consultancies

Britain continues to be one of the major sources of consultancy expertise for the developing world, British firms having supplied nearly 11 per cent of the consultancy resources utilised by the World Bank in 1984. More than 600 firms, selected on the basis of their expertise and experience, are registered with the ODA as eligible to undertake aid-financed work. In 1985 the ODA agreed contracts for 155 new assignments worth £17·5 million from technical co-operation funds and there were 417 extensions or amendments to existing contracts. The new commitments included power consultancies in Bangladesh and Uganda, bridge rehabilitation in Sierra Leone and Bangladesh, and the design of a new hospital in the Falkland Islands.

Training

Training to help recipient countries develop their own skilled manpower has always been a priority for Britain's aid programme. The two major schemes of support are the Technical Co-operation Training Programme (TCTP) and the Commonwealth Scholarship and Fellowship Plan (CSFP), both financed by the ODA. The TCTP is an integral part of the aid programme in an overseas country and priority is given to awards related to British aid projects. In 1985, some 11,000 training awards were held under the programme, at a cost of about £50 million, about half this number being new awards. The British contribution to the CSFP, which assists Commonwealth students and academic staff to study in other Commonwealth countries, was some 700 awards in developing countries worth about £6 million.

During 1985 the Government, in co-operation with certain institutions of higher education in Britain, introduced a new ODA Shared Scholarship Scheme to assist outstanding students from developing Commonwealth countries who are unable to pay to come to Britain to study and who do not qualify for awards under other British government support schemes. One hundred new awards will be made annually for five years starting in the academic year 1986-87.

Assistance was also given for overseas students to study in Britain under British Council award schemes (see pp 264-5), the World University Service and the Commonwealth Fund for Technical Co-operation (see p 266). Altogether some 13,000 overseas students, supported by the aid programme, studied in Britain during 1985.

British Volunteer Programme

In 1985, the ODA increased its support for the work of the four volunteer agencies within the British Volunteer Programme: Voluntary Service Overseas; the Catholic Institute for International Relations; International Voluntary Service; and United Nations Association International Service. Grants totalled £7 million, which represented an increase of some 17 per cent. The four agencies were working in over 60 countries and the number of volunteers rose to 1,163. Volunteers work in a wide range of disciplines, although by far the largest group is in education. Many are located in the public sector, although there is an increasing emphasis on assignments in rural areas, often working for local non-governmental organisations. As well as volunteers from the professions, the agencies also recruit skilled craftsmen and tradesmen. In Tanzania, for example, a mechanic is maintaining 120 vehicles being used for an expanded programme of immunisation, and a carpenter is working at a Salvation Army school teaching disabled children.

[1]For further information see COI reference paper *British Emergency Relief Aid*, No 195/86.

Joint Funding Scheme

In 1985, the British voluntary agencies were particularly active in the area of disaster relief. Famine in Africa, the earthquake in Mexico City and the volcanic eruption in Colombia generated a considerable public response in terms of donations: Oxfam's income, for example, rose from £21 million in 1984 to £51 million in 1985 and the Save the Children Fund's (SCF) from £16 million to £40 million. The extra income not only enabled the agencies to respond to the disasters but also strengthened their work in long-term development, the area in which the ODA co-operates with the agencies.

Under the Joint Funding Scheme, the ODA normally provides half the cost of long-term development projects carried out by voluntary agencies. Funds allocated to the scheme, £4·8 million in 1985, have more than doubled over the last three years. Four agencies, Oxfam, Christian Aid, SCF and the Catholic Fund for Overseas Development (CAFOD), received the greater part of the funds (£3·4 million), which was used to support both existing projects and 712 new projects, which included a corrective surgery, rehabilitation and vocational training project for handicapped children in India (SCF), an agricultural programme in Bolivia (CAFOD), an agricultural service centre in Bangladesh (Christian Aid), and women's development programmes in Tanzania (Oxfam). The remaining £1·4 million was given to 28 other British voluntary agencies, with which the ODA co-financed a total of 54 projects, which ranged from a bee-keeping programme in The Gambia with Action Aid to a Help the Aged project in India assisting bonded labourers, and a reafforestation project with SOS Sahel International in Sudan.

MULTILATERAL AID

Britain contributed a total of £495 million to international aid agencies in 1985, nearly half of which was accounted for by payments to European Community programmes. The World Bank group, the second largest channel for Britain's multilateral programme, received £128 million, while other major recipients were United Nations agencies (£83·9 million) and the Regional Development Banks (£34 million). Commonwealth programmes, including the Commonwealth Fund for Technical Co-operation (see p 266), also received continuing support.

European Community

Britain's share of European Community aid programmes in 1985 amounted to an estimated £235 million, representing 18 per cent of total expenditure on overseas aid. The largest elements were contributions of £77 million to the Community's food aid programme and £70 million to the European Development Fund. Throughout the year attention focused on urgent measures to assist in meeting the food requirements of African countries affected by famine. There was close co-ordination between the European Commission and member states in implementing the decision of the European Council in December 1984 that 1·2 million tonnes of food aid should be made available. After a slow start this target was exceeded in spite of bottlenecks in African ports. By the end of the year nearly 90 per cent of the pledged tonnage had been, or was in the course of being, delivered. Britain's bilateral food aid programme forms part of the Community's obligation under the Food Aid Convention in which member states have undertaken to provide 1·6 million tonnes of food aid annually. During 1985 Britain shipped 164,000 tonnes, or £27·7 million of food aid, most of which was made available for famine relief, particularly in Ethiopia and Sudan.

Britain argued consistently during the year for a higher proportion of Community food aid to be made available for emergency use and supported the creation of a reserve, which was eventually agreed at the end of the year. The Community made increasing use of 'triangular transactions' under which food is bought in other developing countries rather than in the Community itself. This reduces transport costs and provides a valuable source of foreign exchange in the countries from which food is purchased.

In 1985, 66 African, Caribbean and Pacific (ACP) countries signed the third Lomé Convention (see p 265, 1985), which came into force in May 1986 and covers both aid and trade relations between ACP states and the Community. Aid available under the Convention and a related arrangement in respect of member states' dependencies comprises some £5,000 million through the Sixth European Development Fund and around £700 million from the European Investment Bank. Britain ratified the new Convention in September 1985, its contribution to the Fund of £800 million being the largest aid commitment it has ever made. The Convention will focus on rural development and food production, but help will also be made available in other areas, including transport, water supplies and training. As well as individual country programmes, the Fund will provide £600 million for regional projects which are likely to concentrate on measures to combat the encroachment of the desert in West Africa and to improve transport links in Southern and East Africa.[1]

The Community also allocated aid worth £87 million to developing countries in Asia and Latin America which do not benefit from the Lomé Convention. In addition, a co-operation agreement was concluded with Central American states which provides for substantial increases in aid over the coming years. Developing countries in the Mediterranean also received £146 million under financial protocols signed with the Community.

World Bank Group

In 1985, Britain committed £133·8 million to the World Bank's soft loan affiliate, the International Development Association (IDA), the first of three equal annual instalments to the $9,000 million agreed as the Seventh Replenishment of the IDA fund which provides resources for funds committed during the period July 1984 to June 1987. In addition, Britain supported the $650 million increase in the capital of the International Finance Corporation which lends money to promote private investment in the developing world, and is now seeking the necessary legislative approval for its subscription.

United Nations Agencies

In 1985 Britain gave £23 million to United Nations relief agencies and £61 million for the development

[1]For further information see COI reference paper *The Third Lomé Convention*, No 38/85.

activities of the other agencies. Of this, £21 million – the largest voluntary contribution – went to the United Nations Development Programme, the central funding agency for technical co-operation, while further major contributions were made to the United Nations Children's Fund (£8·4 million) and the United Nations Fund for Population Activities (£4·5 million). Of the specialised agencies, the Food and Agriculture Organisation received the largest subscription of £2 million from the aid programme and, with the emphasis on Africa, it continued with practical programmes designed to increase long-term agricultural production.

In December Britain withdrew from the United Nations Educational, Scientific and Cultural Organisation because it was felt that progress towards reform within the Organisation fell short of the minimum which would justify continued membership (see p 383, 1985, and p 145). Britain, however, became a member of a new body, the United Nations Industrial Development Organisation, which was reconstituted as a specialised agency during the year. Negotiations for a second replenishment of the International Fund for Agricultural Development continued throughout 1985 and were concluded in January 1986. The Fund committed $149 million in project loans and technical co-operation grants and prepared work on a $300 million special programme for sub-Saharan African countries affected by drought and encroachment of the desert. Britain's contribution to the Fund was £5·4 million.

The Commonwealth

Britain provided the Commonwealth Fund for Technical Co-operation with over £7 million in the financial year 1985-86, almost a third of its income. The greater part of the Fund's activities have been carried out under its General Technical Assistance Programme, through which expertise is provided to undertake advisory assignments, consultancies and feasibility studies. The Fund's other two main programmes are the Fellowship and Training Programme, which supports the training of students from developing countries in other Commonwealth developing countries, and the Industrial Development Unit, which helps members to develop their industry, special emphasis being placed on assisting small island states and the least-developed nations. Britain also supported the Commonwealth Youth Programme and the Commonwealth Science Council.

Regional Development Banks and Funds

During 1985 Britain continued to subscribe to the capital of the regional development banks in Africa, Asia, the Caribbean and Latin America. The banks raise money on the world's financial markets in order to lend to middle-income developing countries at near commercial rates of interest, and their associated funds, to which Britain contributes during periodic replenishments, make loans to the poorer developing countries on very favourable terms. Britain's contributions amounted to £34·3 million.

RESEARCH AND DEVELOPMENT

Research and Development (R&D), which spans both bilateral and multilateral aid, is concerned with providing knowledge and techniques likely to bring economic and social benefits, with priority being given to work likely to benefit the poor, especially those living in rural areas. The programme has five components: work carried out under contract at institutions in Britain and overseas; the operations of the ODA's scientific units; support to ODA associated bodies in British scientific establishments; support to international centres and programmes for work on the problems of developing countries; and R&D carried out as part of Britain's bilateral aid to particular countries. Total bilateral spending on R&D in 1985 amounted to more than £24 million.

Some 250 projects were funded at universities and other institutions in Britain and overseas covering a wide range of disciplines, including economics, education, engineering, health and population and natural resources. Examples of work being funded include research at the Climatic Research Unit of the University of East Anglia on the underlying causes of drought and climatic trends in tropical Africa; a study, co-ordinated by the Centre for Population Studies at the London School of Hygiene and Tropical Medicine, of the high levels of infant and child mortality in the West African Sahel region; and the development and introduction of various types of improved cooking stoves by the Intermediate Technology Development Group in Indonesia, Nepal, Sri Lanka and Kenya. Work at the Institute of Aquaculture, Stirling University, identified the virus apparently responsible for a serious new disease affecting fish in South-East Asia, where an epidemic lasting three years has had serious economic implications for fish farmers.

The Tropical Development and Research Institute, an ODA scientific unit, helps aid-receiving countries to gain greater benefit from their plant and animal resources. The staff of about 340 scientists, technologists, engineers and economists help to solve the problems of crop damage and spread of disease caused by pests and to improve the handling, processing, preservation, transportation, storage and marketing of plant and animal products, all areas in which training is also given. The Institute's recent activities include studies of the ecology, biology and migration of the brown planthopper, a major rice pest; development of control procedures for the tsetse fly; and an increase in studies of the environmental impact of pesticides. Assistance was given with the modernisation of the Sri Lankan desiccated coconut industry; the testing of small-scale oil expellers in Zambia; the control of the larger grain borer, a pest of stored maize in East Africa; and the handling and marketing of tree crops in the West Indies.

The ODA provides financial support to about 30 establishments in Britain which give scientific and technical help to poor countries. They include the Overseas Surveys Directorate of the Ordnance Survey, which gives advice and information on surveys and mapping related to the aid programme. Field survey or mapping projects were undertaken in 1985 for over 20 countries, mainly in Africa and the Caribbean, producing maps on a wide range of scales and field parties operated in Guyana, Liberia, Malawi, Sudan and the Yemen Arab Republic. The Overseas Development Unit of Hydraulics Research Ltd carries out research into the control of water resources and irrigation in developing countries, particularly in the agricultural and land use aspects of water management, and is currently undertaking a substantial project on irrigation water management which will involve field

studies of smallholder irrigation schemes in Sri Lanka, the Philippines, Sudan, Egypt and Zimbabwe. The University of Edinburgh Centre for Tropical Veterinary Medicine is pre-eminent in research into a range of tropical animal diseases, and the Overseas Unit of the Transport and Road Research Laboratory provides advice and undertakes research, on transport, planning, roadmaking techniques, public transport, vehicle operating costs and road safety in developing countries.

Britain gives priority to helping the work of the research centres of the Consultative Group on International Agricultural Research, contributing nearly £5 million in 1985 to 12 of its 13 centres, much of whose work concerns the exploitation of germ plasm in plant breeding, which is of widespread benefit to farmers. In addition, Britain gave support to a number of international organisations, including the World Health Organisation's (WHO) Special Programme of Research, Development and Research Training in Human Reproduction (£2 million); the WHO Special Programme on Research and Training in Tropical Diseases (£224,000); and the International Centre for Diarrhoeal Diseases Research (£131,000).

During the year some £7 million of research work was financed from individual country aid programmes. Examples included work on improving the commercial exploitation of fish products in Saint Helena and research into farming systems in Belize and Bolivia, as a result of which small farmers can now extend their cropping beyond the traditional pattern – three years before the land returns to bush fallow – using the minimum of fertiliser, pesticides and insecticides.

COUNTRY PROGRAMMES

The following section gives examples of the wide variety of projects assisted by Britain, and of other British aid to the main recipient countries in Asia and Africa which together accounted for some 82 per cent of aid allocable by region.

Asia

The British aid programme helps development in Asia on two broad fronts. First, it focuses on infrastructural and other constraints to the growth of industry and exports, to road rehabilitation in Sri Lanka and Nepal, for example, or to bridges in Bangladesh and power supply in Pakistan, Bangladesh and India. Secondly it addresses itself directly to the problems of poverty through health, population and housing programmes, and through assistance to agriculture. In addition, it works through non-governmental organisations which are best placed to reach the very poorest sections of the population.

In India, which received more British bilateral aid than any other country (£106 million), work continued on existing major projects, including the Rihand super thermal power station and the Bharat Aluminium Company's power station. Assistance to coal-mining continued and an agreement was concluded in March 1986 for the supply of 21 Westland helicopters worth £65 million for use primarily on offshore oil and gas rigs. The technical co-operation programme continued to expand, rising from £13 million in 1984 to £17 million in 1985, training for Indian nationals in Britain accounting for nearly half of this. Courses specially commissioned for India, covering coal, power, urban and rural development, health, education and public administration, were a notable feature, and the first phase of a project which introduced computers into 250 schools was successfully completed.

Aid to Bangladesh, which rose by 44 per cent in 1984, increased by a further 15 per cent in 1985 to £41·2 million. Capital aid was directed at increasing agricultural productivity and support given to appropriate research and training. The production of energy also remained an important element of Britain's support; the first phase of the Greater Dhaka electricity transmission and distribution system was completed and good progress made on a second phase. In addition, agreement was reached on a British contribution of up to £25 million to the World Bank's second Gas Development Project. Britain responded quickly to the effects of a cyclone in May and, in addition to providing emergency relief, announced that £500,000 would be made available to support rehabilitation proposals put forward by British voluntary agencies.

The main priority of Britain's assistance to Indonesia (£33·6 million in 1985) lies in the technical co-operation programme, which consists chiefly of the training of Indonesians in Britain and the provision of experts and consultancies. Important activities under the programme include grain storage, agricultural and veterinary research, geological survey work and regional government finance, and new initiatives include post-harvest technology and biotechnology. Britain is also funding an undersea electricity connector between Java and Madura. The ATP has been an important instrument of aid in Indonesia, current projects including the Mrica hydroelectric scheme in central Java, small diesel generating units in rural areas and an undersea telecommunications link.

Assistance to Nepal, £9·7 million in 1985, was concentrated on the problems of deforestation and poverty in the Kosi Hills, where £6·4 million was allocated to community forestry and agricultural development. Work began on a £3·8 million scheme to bring fresh water supplies to 16 communities in the Hills and the adjacent Terai. Britain also substantially increased its contribution, now amounting to £8·7 million, to the Roads Remedial Works Unit, responsible for the maintenance and rehabilitation of Nepalese roads, including urgent work following the heavy monsoon rains in late 1984 which caused extensive damage to the Dharan-Dhankuta road in the Kosi Hills.

Aid to Pakistan (£16·6 million in 1985) aims to help the poorer sections of the community, primarily the 70 per cent of the population who live in rural areas and in particular those in the less developed Baluchistan and North-West Frontier provinces. To this end three British missions visited Pakistan in 1985 in order to identify projects in the areas of irrigation and water supply, agriculture, health and education, and, in view of its crucial impact on the economy, the power sector was examined by a fourth mission and a £16 million sector aid grant agreed. Work also continued on existing major projects worth over £70 million in the field of irrigation and irrigated agriculture, and commitments were made to assist rural development in the North-West Frontier Province as part of a programme designed to eradicate opium poppy cultivation in the region. Britain also provided £5·1 million through international and voluntary agencies to relieve the plight of about 3 million Afghan refugees who have

fled to Pakistan since the Soviet Union's invasion of their country in 1979.

In Sri Lanka two important projects completed with British aid were commissioned during 1985. The inauguration of the Victoria Dam and hydroelectric project took place in April and the Matara water-supply project was commissioned in November. Preparations began on two projects in which Britain will help Sri Lanka to upgrade existing economic assets which have suffered from inadequate upkeep in recent years – major roads in Colombo and small water turbines for supplying electric power economically to the tea industry. ATP funds supported a major improvement project at Colombo international airport, and during the year an offer of £14·4 million was made towards the costs of a proposed new hydroelectric project in the south of the island.

British aid to the People's Republic of China began in 1980 and has expanded rapidly since then from £37,000 to £1·2 million in 1985. Assistance has so far been limited to technical co-operation consisting of training awards, consultancies and English language teaching, but energy, mineral exploitation, communications and transportation and water development have also been agreed as priorities. In October, Britain offered £100 million, subsequently increased to £300 million, of soft loans to finance investment in mutually agreed development projects in China as an alternative under the ATP to normal mixed credit (see p 220).

Africa

In 1985, Britain provided £306 million of aid to African countries, 45 per cent of all bilateral aid. Although Britain responded generously to appeals for emergency assistance to help alleviate the famine in Africa, providing bilateral disaster relief and food aid worth £56 million, the main concern of the ODA continued to be with long-term development assistance.

Britain's aid to Ethiopia, £28 million in 1985, concentrated on assistance to overcome drought and famine, disaster relief and food aid accounting for £27 million of the programme. Emergency relief included assistance with transport, as well as medical supplies, tents and blankets. A major contribution was made by the Hercules air lift operation which furnished the sole source of food and other essential supplies for many thousands of Ethiopians. Looking forward to the recovery of local production in 1986, Britain offered £3 million at the end of 1985 for agricultural rehabilitation, including the provisions of seeds and tools, and water supply schemes in Wollo province.

Britain's aid to Ghana, which reached £11·5 million in 1985, was mostly used for equipment in the timber sector. In addition, an agreement was signed during 1985 to waive £51 million of repayments and interest on aid debts over the next 20 years. The increasing volume of British aid pledges, which have doubled in each of the last three years, is a response to the Ghanaian Government's sustained programme of economic reform, including a substantial devaluation of its currency; adjustment of producer prices; removal of restrictive controls and subsidies; and reform of the civil service.

Natural resources, transport and energy are the priorities of Britain's aid to Kenya, which is one of the largest bilateral programmes in Africa (amounting to £34·4 million in 1985). Technical co-operation is also focused on these areas, but includes education, public administration and management. A package of aid to natural resources is helping to strengthen the Agricultural Development Corporation and, with the increasing use of marginal lands due to population pressure, Britain is developing a pilot project to conserve and develop the semi-arid lands in the districts of Embu, Meru and Isiolo. It is hoped that the development of these districts – hampered by transport difficulties – will be improved by the Thuchi-Nkubu road, which, built with the help of £21 million of British aid, opened in September 1985. In addition, five locomotives have been rehabilitated as part of a programme of aid to railways and continued assistance has been given to the port of Mombasa and its container services.

With an annual programme of some £14 million, Britain is among the leading international donors to Malawi. Given the acute transport difficulties experienced by this landlocked country, improving roads and the rail network continues to be a priority. Substantial support is also provided for projects in education, natural resources and health, including the provision of over 200 expatriate experts. At the same time training funds have enabled some 450 Malawians to undertake courses in Britain.

In Mozambique, the commissioning of the extension to Pemba power station and agreement on a programme aid grant of £6 million for spares, raw materials and equipment needed to maintain the sugar and manufacturing industries, were the main elements of Britain's aid programme, which amounted to £8·4 million in 1985. In addition, the provision of 14,500 tonnes of maize, valued at some £3 million, was agreed under the bilateral food aid programme and Britain supplied items worth about £1 million to relieve the effects of drought, storm damage and civil disturbance. In late 1985 and early 1986, further aid of £7 million was pledged in support of the rehabilitation of Mozambique's economy, £6 million of which will be used to maintain infrastructure and £1 million for emergency assistance.

In addition to a large programme of longer-term aid, British assistance to Sudan in 1985 (£42·3 million) included over £16 million as disaster relief and food aid. Work was substantially completed on power station projects at Khartoum North and Burri which, constructed with £78 million of British aid, will provide power to surrounding areas and help to maintain essential services and basic economic activity. The emphasis in the longer-term programme has now shifted from essential infrastructure to agricultural rehabilitation and development. Work continued on the £6 million Equatoria Region Agricultural Project in southern Sudan, designed to help smallholders; £6·5 million programme aid was given to help cotton production in the Gezira; and further assistance was approved for the improvement of irrigation schemes along the Nile north of Khartoum and for rehabilitation and development in the drought-affected Darfur region in western Sudan.

Britain's largest aid project in Africa – the £90 million Songea-Makambako road in south-west Tanzania – was completed in 1985, and is expected to improve transport from an area of high agricultural potential. Other examples of Britain's aid to Tanzania, £18 million in 1985, include projects on rural development in Lindi and Mtwara; on clove production in Zanzibar; and on land use planning and pest control. In the

health sector, the Mbeya Referral Hospital, a redevelopment funded mainly by British aid of the old government hospital, was opened during the year. A team of medical specialists, provided under technical co-operation arrangements, is helping to ensure that the benefits of the new hospital are spread throughout the neighbouring regions.

In response to the critical economic position of Zambia in 1985, Britain agreed that all new commitments of aid to that country should be on grant terms. Britain also took a full part in the international effort, led by the World Bank and the IMF, to support Zambia's measures to restructure its economy and accordingly pledged nearly £30 million new aid, £12 million from the aid programme, £15 million in association with the World Bank's Special Facility for Africa (see p 74, 1985) and a special grant of £1·5 million to clear arrears of payments due on past aid loans. British manpower aid to Zambia remained substantial, with 20 fully-funded experts and 300 other British specialists holding key posts in the public service and in state-related bodies. Total British aid to Zambia in 1985 amounted to £25·6 million.

Assistance for manpower and training also continued to play an important part in the aid programme to Zimbabwe in 1985 (£23·6 million). A new manpower scheme was concluded to supplement the salaries of skilled British staff recruited to key posts in Zimbabwe. The veterinary service was the first to benefit, veterinary surgeons having been appointed to work in research and training posts as well as in the field. Recruitment also began for lecturers and technicians for the faculty of engineering at the University of Zimbabwe, where Britain will also provide equipment. A new £5 million programme grant was announced in 1985, which will help private companies in manufacturing, agriculture and mining. The local currency raised will be used for rural development. During 1985 the ODA worked on a series of projects designed to raise living standards in rural areas and in January 1986 offered £10 million to finance such activities.

Construction began in 1985 on the joint British-United States-Egyptian-funded Cairo waste-water project. Britain is providing a grant of £50 million for this scheme which is expected to have a major impact on living conditions and public health in Cairo by providing the city with a modern sewerage disposal system. Assistance to Egypt amounted to £19 million in 1985 and included support under the ATP for British equipment for the West Sabaeya phosphate mine and technical co-operation focused on technical education, medical engineering and agriculture.

The British Council

In 1985-86 the British Council spent over £218 million in promoting knowledge of Britain and the English language overseas, in developing cultural relations with other countries, and in assisting in educational advancement in the developing world. The Council's annual report was published in July.[1]

The Council is a non-profit-making body which is registered as a charity in Britain. In 1985-86 over three-quarters of its total budget was provided by the Foreign and Commonwealth Office and its Overseas Development Administration (ODA), the remainder coming from the Council's earnings, particularly from teaching English abroad. The Council is a non-political body which offers partner countries services of high quality in education and training, the teaching of English, the arts and sciences, and books and libraries. In so doing it aims to convey a knowledge and understanding of Britain, creating in return a lasting attachment to Britain and its values.

In addition to describing the main developments in the Council's operations, the report contains an 'index' detailing its work in and for individual countries.

Investing in People

In support of its aims, the Council spends two-thirds of its budget on the exchange of people between Britain and other countries. In 1985-86, 24,000 people from 160 countries were in Britain for educational or professional reasons on schemes run by the Council and 5,000 British people were abroad on a teaching or consultancy basis. The Council manages several different schemes on behalf of the ODA, other countries and international agencies. The two biggest, both funded by the ODA, are the Technical Co-operation Training Programme (TCTP), costing £54 million, and Britain's contribution to the Commonwealth Scholarship and Fellowship Plan, costing £9 million. Numbers of people coming to study in Britain under the TCTP programme have risen from 7,968 in 1981-82 to 9,965 in 1985-86 and the trend is expected to continue as money is released as a result of Britain's withdrawal from the United Nations Educational, Scientific and Cultural Organisation (see p 385, 1985 and p 145). In addition, 6,000 visitors came to Britain either singly or in small groups for short professional programmes and courses devised and arranged by the Council. There was an increasing interest in the transfer of technology, youth training programmes, information technology, sports centres and leisure provision in general. Of the people going abroad, just over 4,000 were on short visits as lecturers, advisers and tutors, or as delegates to international conferences, and about 1,000 were teachers on long-term contracts.

Using Educational Resources

The number of overseas students placed in Britain by the Council in the field of science and technology (the biggest growth area) in 1985 reached its highest level at 9,500. This followed the Council's decision in 1983 to step up its promotion of British education in order to counter the sharp decline in student numbers, due in part to increased fees in Britain. Among the Council's initiatives was the setting-up in 1984 of the Education Counselling Service, which assists students from selected countries to come to Britain for higher education. Currently operating in Hong Kong, Malaysia and Singapore, it promotes the services of

[1] *The British Council Report 1985-86*. British Council. £2·95. ISBN 0 86355 040 1.

80 British universities and polytechnics who pay a subscription fee. Prospective students receive detailed counselling about educational opportunities in Britain. In its first year of operation, the service handled over 17,000 enquiries, and nearly 600 students were offered places in Britain. The Council is now considering further expansion of the service in South-East Asia.

During the year, the Council introduced the Senior Fellowships Scheme, a new form of award aimed at bringing men and women of the highest distinction to Britain. Five such fellowships were awarded in 1985. In addition, the Council has plans for the promotion abroad of the British Doctor of Philosophy (PhD) degree with the option of splitting research between Britain and the student's home country.

A high percentage of the general enquiries handled by the Council is about the standing of foreign qualifications compared to British ones. In response to this the Council has developed several kinds of bridging courses to bring overseas students more easily into the British system. Nearly 300 Omani students, for example, were recently enrolled through the Council's special Access programme on to advanced science and engineering courses. Bridging courses leading to PhD work are running at several universities, including Aston, Loughborough and Warwick.

The Council works as an education consultant to many bodies, including the World Bank, the United Nations Industrial Development Organisation and the European Development Fund. By far its largest client, however, is the ODA, for which the Council runs a high proportion of projects in education, science and technology. The Council's work as an agency has grown over the past 12 years and there has been, in particular, a significant increase in the work of its Technical Education and Training Operations and Consultancies (TETOC) group, with training for management development, for example, for the Indian railway network, an important element. During the year, the TETOC group undertook, on behalf of the ODA, 222 consultancies in the field of technical education; 72 in public administration; 37 in agricultural training; and 21 in industrial training. In addition, in 1985 the ODA approved institution-building projects to a value of over £8 million.

Britain's Open University has been a source of inspiration to many other countries[1] and the Council has helped to adapt the principle in India, Sri Lanka and the People's Republic of China, where the new 'television university' project is urgently needed to upgrade the skills of the labour force. Also in the People's Republic of China, a programme of academic links, jointly funded by the Council and the ODA, is the largest single means of developing British-Chinese contact in higher education. Since 1981 the number of countries with which Britain has official academic links has grown from 22 to 76. Promotional work in connection with the educational uses of microelectronics in education is undertaken and has led to significant sales of the Acorn/BBC microcomputer in Cyprus and in India, where it is now manufactured under licence.

[1]For information on the Open University, see COI reference paper *Britain's Open University*, No 2/84.

English Teaching

English-language teaching remains one of the Council's main areas of activity, accounting for about one-third of total funding in 1985-86. The Council manages the world's largest international English teaching operation, with an annual turnover of over £20 million. Currently it has 48 branches in 33 countries, with over 1,000 teaching staff and more than 53,000 students. Seven new teaching centres were opened during the year in Tunisia, Bangladesh, Saudi Arabia, Japan, Thailand and Spain (two). The Council ran 13 summer schools and six courses in English-language teaching in Britain. In addition, ten centres opened for the English Language Testing Service, developed by the Council and the University of Cambridge Local Examinations Syndicate, are designed to give an accurate measure of candidates' ability to use English in their studies. There are now 135 such centres around the world.

The Council advises the ODA on English teaching and manages most of its projects in this field. In Bangladesh, for example, ODA funds supported expansion of language classes to prepare people coming to Britain under the technical co-operation programme (see pp 264-5). From 1986-87 the ODA is expected to expand its programme of English teaching related to aid projects in India and francophone West Africa.

Books and Libraries

The Council now runs 116 libraries around the world, which in 1985 made over 6 million loans to their 370,000 members. Books in all the Council's libraries are catalogued centrally by computer; many of the libraries have multi-media resource centres and some have computerised information retrieval systems. The cost of these services was £21 million in 1985-86; in addition £3·5 million was spent by the Council on behalf of the ODA on providing British textbooks in developing countries. New developments in the Council's work include the introduction in Vienna and Cairo of teleordering, an electronic book-ordering system which simplifies and speeds up the process of handling orders between booksellers and suppliers. In addition electronic mailing is being tried to cut down the time taken to respond to enquiries about Britain, of which the Council handled more than 700,000 during the year, and video libraries have been installed in 25 countries, most recently in India. Total British book sales abroad amounted to some £500 million, which represented an increase of 12 per cent over 1984-85.

The Arts

The Council's arts programme accounts for about 7 per cent of its resources annually, which is spent on the organisation and support of almost 600 drama, dance or music tours and all kinds of exhibitions which travel around the world. Major features of the programme in 1985-86 included performances at the Athens Festival by the National Theatre, the New Shakespeare Company, the London Contemporary Dance Theatre and Janet Smith and Dancers. Elsewhere in the world the New Shakespeare Company and smaller companies like Cheek by Jowl and Theatre de Complicité undertook arduous tours which were rewarded by the warm appreciation of their audiences.

In the field of music, the Council concentrates on supporting the performance of the non-standard British repertoire, promoting new talent and bringing British music and musicians to new audiences. During European Music Year the Royal Opera performed Sir Michael Tippett's *King Priam* in Athens and the Council also supported European tours by the Monteverdi Choir and Orchestra and the Academy of Ancient Music. The Guest Stars, a women's jazz band, played to capacity audiences throughout the Middle East.

The Council is associated with a wide variety of exhibitions overseas. In 1985-86 the *Treasure Houses of Britain* exhibition at the Washington National Gallery re-created country house interiors with 700 objects from 220 houses, and broke all attendance records. In Hong Kong thousands of schoolchildren were the special focus of a concerted educational programme related to an exhibition of work by the sculptor Henry Moore, which later went on to Japan. Another sculptor, Stephen Cox, worked with Indian craftsmen on his entry for the Sixth Indian Triennale in New Delhi and his prizewinning granite carvings will be shown at the Tate Gallery later in 1986. British skill in the graphic arts featured in two touring exhibitions, *Graphics UK* and *British Illustration from Caxton to Chloë*.

Turks and Caicos Islands

Amendments have been made to the constitution of the Turks and Caicos Islands, a British dependency in the Caribbean with a system of internal self-government, following the resignation of the Chief Minister and two other ministers after a commission of inquiry had reported on a series of administrative malpractices.

Parliamentary Statement

In a statement to the House of Commons on 25 July (*Hansard*, Vol 102, No 158, cols 863-70), the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Mr Tim Eggar, said that in March a commission of inquiry had been set up by the dependency's Governor to investigate allegations of arson of government offices, corruption in the Public Works Department, and related issues. A report had been submitted to the Governor in London on 4 July by the commissioner, Mr Louis Blom-Cooper, QC, who had found evidence of arson of a public building by persons unknown. He had also found the Chief Minister and two of his colleagues unfit to hold public office. The report stated that ministers had indulged in unconstitutional behaviour, political discrimination and administrative malpractices, and concluded that the leader of the Opposition party and a senior Opposition figure had been involved in a conspiracy to commit public order offences in order to overthrow the government, this being the only means of protest available because of the corrupting influence of patronage throughout the system.

The British Government, continued Mr Eggar, had agreed with the Governor that these findings had to be treated extremely seriously, since it was essential to put right what had gone wrong and many islanders wanted to see an end to present abuses. It had accordingly been decided to change the administrative structure of the Islands to prevent such abuses. The Chief Minister and his colleagues resigned on 24 July, after which the constitution had been amended by an Order in Council. The present Executive Council was being replaced by an Advisory Council consisting of members nominated by the Governor from among the most respected and responsible islanders. It would include members of the elected Legislative Council which would remain in existence.

Mr Eggar said that this was an interim measure since the constitution was not being suspended nor being substituted by direct administration through the Governor. The franchise, too, was not being taken away. A Constitutional Commission would be appointed to review the constitution and make recommendations for the future. The commission would aim to conclude its review by the end of the year and fresh elections would follow. The measures being taken to restore good government were receiving the islanders' co-operation; they and the British Government had a common interest in ensuring regional stability.

Answering questions, Mr Eggar said that the Islands were in receipt of some £5 million a year of both budgetary and capital aid from Britain and steps were being taken to deal with drug trafficking and other criminal activities. He agreed that the economic development of the Islands would have to depend at least in part on tourism and he hoped that the measures he had announced would restore stability and encourage investment. Mr Eggar added that the Government was about to begin a long-term review of Britain's remaining dependent territories.

1976 Constitution

The constitution, introduced in 1976, provides for the exercise of government through a Governor, appointed by the Crown, an Executive Council, and a mainly elected Legislative Council. The Governor has responsibility for external affairs, defence, internal security and certain other matters, but otherwise is normally required to act on the advice of the Executive Council. This, until its replacement by an Advisory Council, comprised the Governor as President; the Chief Minister elected by and from the elected members of the Legislative Council; three other ministers appointed by the Governor on the advice of the Chief Minister from among the elected members of the Legislative Council; and three *ex-officio* members. The Legislative Council consists of 11 members elected from single member constituencies, three members appointed by the Governor after consultation with the elected members, and the three *ex-officio* members of the Executive Council. Elections are held at intervals of not more than four years.

Changing Patterns of Work

Widespread changes in working practices have been introduced since 1980 to promote flexibility, according to a report commissioned by the National Economic Development Office and the Department of Employment.[1]

The report, prepared by the Institute of Manpower Studies, which compares developments in large companies in four major sectors – engineering, financial services, food and drink manufacturing, and retail distribution – is the largest study carried out so far on flexible working patterns and practices. The study aimed to assess the changes that have occurred and their implications for the competitiveness of British industry. It involved an extensive review of previous research and available data, interviews with representative organisations (including employers' associations and trade unions) in the four sectors, and interviews with 72 large firms.

MAIN FINDINGS

The report indicates that employers have introduced changes in working practices to promote greater flexibility in order to maintain competitiveness. Three main pressures to innovate are identified: a need to improve productivity, a need to adapt to changing market conditions, and the effects of technological change. The study observed three common themes linking business strategies to manning practices: a perceived need to improve the responsiveness of all factors of production to changes in business requirements, a shift towards decentralisation, and a reluctance to increase the number of employees.

Four types of flexibility are considered: adjustments in the supply of labour, changes in employee functions, pay structures and 'distancing strategies' (involving such practices as sub-contracting).

Changes in Numbers

The study found that 64 of the 72 participating companies had sought to increase the numerical flexibility of their workforce since 1980 and had introduced significant changes in their manning practices. The practices adopted were diverse, but each was intended to match labour supply more accurately to demand, and involved changes affecting temporary working, part-time working, overtime and new shift patterns, and flexible working hours, although the incidence of these types varied greatly from sector to sector.

Of the 49 companies employing temporary workers, 27 had increased their use of such workers since 1980. Greater use of temporary work in the manufacturing sectors was associated with the creation of a 'buffer' workforce as a hedge against market uncertainty, while in financial services it was more often employed as a hedge against any future job loss arising from the effects of new technology.

The use of part-time workers varied considerably, with nearly all the firms in retail distribution and financial services using part-time employees, compared with about half the manufacturing firms. Little change in their use since 1980 had occurred among the manufacturing firms, but there had been greater use of part-time employees in two-thirds of the financial services firms and in 90 per cent of the retailing firms. The two main factors underlying the growth of part-time working in the service sectors were a desire to match manning levels more precisely to fluctuating customer demand patterns during the working day and the reduction of labour costs through substituting part-time labour (with lower non-wage costs) for full-time labour.

Overtime working was common in all the sectors except financial services, and its use since 1980 had increased significantly in engineering and financial services. Flexible working hours were generally restricted to part-time workers, but several companies in manufacturing could see advantages in such a system and some had working parties examining the possibilities.

Changes in Functions

Nearly all of the manufacturing firms had tried to increase the functional flexibility of their workforce since 1980, compared with eight of the 37 firms in the service sectors. For example, in the process and operator areas a number of firms had sought, and had achieved, an increase in the mobility of operators between jobs at similar skill levels.

Pay Flexibility

About two-thirds of the firms interviewed had changed their pay structures since 1980 to secure greater pay flexibility. In manufacturing, pay flexibility mainly involved the introduction of new pay systems to encourage the acquisition and deployment of the additional skills associated with functional flexibility. New pay systems were of two types: a multi-graded structure, reflecting and encouraging skill acquisition; and a simplified structure with fewer, broad grades, although the first system was often reported to be a

[1] *Changing Working Patterns – How companies achieve flexibility to meet new needs.* A report prepared by the Institute of Manpower Studies for the National Economic Development Office in association with the Department of Employment. Available from NEDO Books, Millbank Tower, Millbank, London SW1P 4QX. £6·50. ISBN 0 7292 0788 9.

transitional phase towards the latter. Although increases in pay flexibility were less common in the service sectors, the changes there were principally concerned to encourage individual performance through such measures as merit pay.

Sub-contracting

An acceleration in the use of 'distancing' (the displacement of employment within a firm by measures such as contracting out work) is evident since 1980; it is viewed as an alternative to, rather than another form of, flexibility. Of the 72 firms, 51 had increased its use: 46 increasing the use of sub-contracted ancillary services, 26 in non-ancillary areas, and 11 their use of self-employed workers.

Profit Related Pay

The advantages for employees and employers of schemes relating a part of pay to profits and an outline of possible arrangements for tax relief for such schemes were set out in a Green Paper issued on 15 July.[1]

In his Budget speech on 18 March, the Chancellor of the Exchequer, Mr Nigel Lawson, referred to the advantages of profit-related pay (see p 124). Subsequently the Chancellor submitted a paper to the National Economic Development Council (the tripartite forum where representatives of government, industry and the trade unions meet to consider economic issues), while informal talks were also held with employers and other interests. The Green Paper says that these exchanges produced 'a very positive response to the principle of an initiative to encourage further expansion of profit-related pay', but they suggested that the proposed conditions for any tax relief needed to be simplified if it was to be attractive and accessible to a wide range of businesses. A number of companies have operated these schemes for many years, but Britain as a whole 'has lagged in the evolution of new pay bargaining structures more suited to the demands of an increasingly competitive and rapidly changing international marketplace'. The two main advantages of profit-related pay schemes are that they are expected to lead to a closer identification of employees with the companies in which they work and that, if pay levels respond more rapidly to changing market conditions, output and employment should be less variable.

Employee Identification

The Green Paper notes that the belief that there is a necessary distinction between the financial interests of shareholders and of management and the interests of the workforce has long been a damaging feature of industrial life in Britain. While many companies have already broken down this belief, the distinction remains far too prevalent. The link between pay and profitability 'helps employees and their employers to recognise their clear community of interest', and employees will thus be 'more concerned with the health and long-term prospects of the business in which they work'. The most important consequence of increased identification is likely to be improved efficiency and productivity, leading to greater competitiveness and better business performance, which for the economy as a whole would result in higher output and living standards.

The Government has taken a number of measures in recent Finance Acts which have encouraged the development of employee share ownership schemes. Over 1,000 all-employee schemes, covering more than 10,000 companies, are in operation, and over 1·25 million employees have taken up shares or interests in their firms. Of these, some 400,000 employees are in the newly privatised companies (see pp 273-5, 1985, and pp 154-6) where the Government has made provision in the arrangements for privatisation to ensure that employees have the opportunity to obtain shares. There has also been a growth in the number of worker co-operatives, from some 300 in 1979 to over 1,400 in 1986. There is some evidence that companies with employee share ownership schemes are beginning to perform better than other comparable companies. The spread of profit-related pay would produce further benefits, and its potential scope is wider than that of employee share schemes, as it can be adopted by unincorporated businesses which do not have shares to offer.

Flexibility

The Green Paper says that there are many examples of pay flexibility in operation, such as productivity bonuses and schemes for payment by results, but recent experience indicates that they do not go far enough. Pay-setting arrangements are not sufficiently flexible and negotiations often appear to occur with little or no reference to their effect on an enterprise's financial position. Where profit-related pay schemes were widely introduced, there would be early benefits for firms where there was an improvement in trading performance, but the full impact would be seen over a longer period 'as a more flexible labour market contributed to greater stability in the economic environment, and especially in employment'. As profits rise, employees will benefit directly through higher pay, while if profits fall, profit-related pay will be lower and therefore a company's costs will also be lower. At present too many companies feel that the only major flexibility in labour costs open to them is to reduce the number of employees. However, profit-related pay would enable firms with falling profits to sustain employment at a higher level than otherwise and to limit redundancies.

Possible Disadvantages

A number of doubts have been voiced about profit-related pay, the Green Paper says, and three particular objections are mentioned: employees will not accept the uncertainty about their future pay, and it is wrong to ask them to bear the additional risk; employees might wish to participate more closely in corporate decision-making, with possibly damaging consequences; and employees whose pay is influenced by a calculation based on profits per head will resist additional recruitment and thereby negate any potential employment benefits.

[1] *Profit Related Pay: A Consultative Document.* Cmnd 9835. HMSO, £3·80. ISBN 0 10 198350 6.

The Government recognises the concerns, but does not believe that these arguments are well-founded. First, although under profit-related pay an employee accepts greater uncertainty about future income levels, such a scheme helps to reduce the greatest risk for an employee, that of redundancy, and increases the security of employment. It disagrees that employees cannot cope with flexibility in take-home pay, pointing out that over half of full-time manual workers are covered by overtime schemes or by schemes for payment by results. Secondly, a profit-related scheme as set out in the Green Paper would not affect the principle that 'in the last resort it is up to management to decide how far it is prepared to move'. Increasing employee identification should bring about improved communication between management and the workforce, where there is not already constructive involvement by employees. Furthermore, the link between remuneration and profit means that 'the interests of employees and management will be perceived to be more closely identified than they are now'. Thirdly, the criticism on recruitment ignores the responsibility of management for such decisions. Moreover, if, as the Government envisages, new recruits will not be eligible for profit-related pay until they have been employed for a minimum period, any resistance by existing employees to recruitment should be greatly reduced.

Tax Relief

The Green Paper looks at a number of possible factors explaining the relatively slow development of profit-related pay, such as a lack of awareness of the benefits by employers. It says that the case for a measure of tax relief would be to help to increase awareness of the scheme and to overcome inertia by highlighting and by enhancing its inherent advantages. A possible framework for providing tax incentives for the spread of profit-related pay is set out. Key features would be that an employer would distribute profit-related pay to employees from money set aside for the purpose, from a special pool; the size of the pool would depend on profits and a predetermined formula; and employees would get a measure of tax relief on the profit-related pay received. For tax relief to apply, a number of specific requirements would have to be met, in particular a scheme would have to last for at least one year and would have to be approved by the Inland Revenue before the start of the period in which profits would determine the size of the pool; a scheme would have to cover at least 80 per cent of employees in an employment unit; and the prospective size of the pool would have to be equivalent, if profits were to remain unchanged, to at least 5 per cent of the current annual pay bill for the unit. One-quarter of profit-related pay received by each employee would be exempt from income tax up to a limit of 5 per cent of total pay (including profit-related pay) or £1,000, whichever was the lower. Public sector employees would be excluded from tax relief, as they are from existing employee share schemes.

Conclusions

The Green Paper says that the Government has no doubts about the merits of profit-related pay, believing that its spread would be 'beneficial for the UK economy, for industrial relations, for productivity, for growth and for employment.' However, it has not yet decided whether to adopt tax relief for these schemes. 'There is a general presumption in favour of a neutral tax system with a broad tax base, low tax rates and few specific reliefs', although specific reliefs may be justified 'if they offer good prospects of bringing sufficient benefits at an acceptable Exchequer cost'. The Government will reach a decision on whether to legislate for tax relief and on the possible eligibility rules in the light of comments on the Green Paper, requested by 17 October.

Information Technology and the Future of Education

A report published by the Information Technology Advisory Panel on 28 July discusses the effects that information technology (IT) is likely to have on the development of education and training in Britain in the coming decades.

Rather than concentrating on specific applications of IT, the report[1] addresses general issues and its chief recommendation is that a commission of inquiry should be appointed to consider the educational system which Britain will need in the next century. The scale of social change that is likely to take place, mainly as a result of IT, calls for a new equilibrium to be established within the national system of education; for education will be the vital element in building the information and knowledge resources that will be crucial for a developed economy. IT is already having effects through the take-up of automation in manufacturing industry; it is leading to a shorter working week and more leisure. Education will be needed to equip people to understand and cope with these changes; and education and training themselves are likely to be recognised as lifetime processes, with education perhaps becoming a leisure pursuit in itself.

In a discussion of IT as it will affect the learning processes of students, the report says that the new technologies – particularly videodiscs, computer terminals and networks, software for computer graphics and direct broadcasting by satellite – are all developing rapidly in ways which make them much more flexible, and above all interactive, than the traditional media of the blackboard and the textbook. The new technologies are already at the stage where they enable students to experiment with and manipulate data in a way that even young children find exciting. They motivate learning, provide a better 'return channel' in informational terms than traditional classroom teaching and enable the student to benefit from greater individual attention from the teacher. Future software programming itself, moreover, should further enhance a more responsive approach to the individual student. While schools at present also provide an arena for social interaction, the report says that students will continue to find themselves interacting with others – but with some of them it may be over quite long distances.

[1] *Learning to Live with IT.* An Overview of the Potential of Information Technology for Education and Training. A Report by the Information Technology Advisory Panel. Cabinet Office. HMSO, £4. ISBN 0 11 630831 1.

IT will also benefit the handicapped; those general students who find 'keeping up' difficult; and those – perhaps adults seeking retraining – who can only learn during 'unsocial hours'.

IT should enhance rather than diminish the role of the teacher, the report maintains. It should provide assistance with clerical and administrative tasks that teachers currently carry out, and should also be able to perform some of the mechanical elements in teaching itself, releasing the teacher for the higher-level tasks of guiding students and managing their information and skill needs. Improved student assessment – in terms of analysis of responses to IT material – should also be available. While IT is today assisting in an information explosion, it can itself be a powerful tool in coping with the stock of new knowledge, through advanced techniques of selectivity.

The management of the coming changes is not likely to be easy, the report warns. The education system is currently under pressure as a result of spending constraints, demographic change, altering attitudes to their profession among teachers, and curriculum change resulting from governmental pressures to increase the vocational content of education. Teachers themselves will have to retrain – both in order to learn to use the hardware of the new technologies and to understand the capabilities of new software to transform the learning process. The report also foresees a shift in the role of formal education, as the potential of home learning (and IT in the home generally) is developed by commercial interests. Above all the report stresses the need for governmental commitment to the development of IT in education through support for research, for demonstrations of innovative projects in educational IT and for the provision of IT equipment and services throughout the education system. A positive attitude in teachers towards IT is also vital, the report says.

The Government is to prepare a response to the report. [The Information Technology Advisory Panel has been disbanded and in April its work was subsumed within the Cabinet Office's Advisory Council for Applied Research and Development.]

Tourism and Jobs

A government report on tourism emphasises the contribution to employment that tourism can make and surveys the performance of the industry in the past year and the progress made on proposals set out in an earlier report. Some new recommendations are also listed.

The report [1] was launched on 16 July by the Secretary of State for Employment, Lord Young. He said that it was a key objective for the Government to spread the economic and employment benefits of tourism as widely as possible; the transfer of responsibility for tourism to his department (see p 288, 1985) had enabled the Government to refocus its employment measures more effectively. He was particularly pleased that the tourism industry had become closely involved in the Community Programme,[1] and was glad to report that, following the launch of the 'UK 2000' campaign (see p 280), the English Tourist Board (ETB) and the Manpower Services Commission (MSC) were discussing a national initiative on tourism to be introduced later in 1986. 'Tourism is a big employer', he said. 'I am determined to see that the industry gets all the help it needs, that young people see it as a worthwhile career and that those in the industry get the training which means we can offer the visitor a service second to none.'

Report: Introduction

The introduction to the report refers to the report *Pleasure, Leisure and Jobs – The Business of Tourism*, published a year earlier (see pp 275-7, 1985). This, it says, emphasised the contribution which a vigorous tourism and leisure sector is making and will make to employment across the country, and it suggested ways in which obstacles to the industry's faster growth might be removed. The aim of *Action For Jobs In Tourism* is to update the facts and figures in the earlier report, provide a check on progress and a list of new proposals, and to present this information within the revised policy framework that has been developed following the transfer of responsibility for tourism to the Department of Employment. It is the intention to publish further annual surveys of tourism activities on these lines, complementing the annual reports of the statutory tourist boards.

Recent Performance

A record 14·5 million overseas visitors came to Britain in 1985, the report notes, and there was a surplus on the travel account of the balance of payments of £453 million. Overseas earnings from tourism were equivalent in value to just over 10 per cent of manufactured exports, well ahead of motor vehicle exports and higher than exports of food, drink and tobacco. Domestic tourism visits dropped in number to 126 million (from 140 million in 1984), as a result no doubt of bad weather, and spending was slightly lower in real terms. There was, however, evidence of an increase in day trips, which are excluded from the figures for visits.

The report acknowledges that employment in tourism is difficult to define since tourism spending is felt directly and indirectly across a wide range of industries. Official figures show that some 43,000 new jobs were created in the main tourism sectors in the year to June 1985, a rise of 3·5 per cent. Between 1975 and 1985 jobs in these sectors have grown by 22 per cent to just over 1·25 million, compared with growth in total service industry employment of 9 per cent and a fall in manufacturing employment of 26 per cent.

Plans for the Future

Assistance from Tourist Boards

Government objectives are to spread the economic and employment benefits of tourism more widely around the country – particularly in areas with untapped tourism potential – and to encourage tourism

[1] *Action For Jobs In Tourism*. Available free from Inf 4, Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

[1] This programme provides a year's employment for the long-term unemployed on projects of benefit to local communities.

activity outside the main holiday season. The British Tourist Authority (BTA) and the ETB have been asked to give attention to these objectives and their limit for providing grants and other financial assistance has been raised by £6 million (20 per cent) for 1986-87.

The ETB has also introduced a series of Tourism Development Action Programmes which are partnership schemes with local authorities and other agencies concentrating on specific initiatives achievable in a two- to three-year period. A number of programmes are already in progress in city and rural areas; others are planned in seaside resort towns and a competition for historic towns is to be launched under the title 'Heritage 2001'. In Scotland local effort is being strengthened through the area tourist board network.

The Government announced in June that it would be continuing with 'Section 4' aid in England beyond 1986-87 when the £35 million package announced in 1983 expires (see pp 439-40, 1983). [Section 4 of the Development of Tourism Act 1969 enables the English, Scottish and Wales Tourist Boards to make grants or loans for suitable capital projects which provide or improve tourism amenities and facilities.] The ETB has been asked to refocus the scheme by placing greater assistance on larger innovative projects which will attract a substantial number of visitors. The Government has already approved a £1·5 million grant offer towards the construction of an all-year holiday village in Sherwood Forest, which is expected to create over 200 direct jobs. It had already been decided that Section 4 aid should continue in Scotland and Wales.

Transport Facilities and London

Action is to be taken by the BTA to achieve a wider adoption of best practice in design and facilities at international ports and airports, in order to improve the first impressions that overseas visitors receive of Britain. The BTA and ETB are to set up a working party to examine the strategic issues that the Channel Tunnel is expected to raise for tourism, both regionally and nationally.

In regard to the formulation of a tourism strategy for London, the importance of which as a 'gateway' to Britain is recognised, guidance on land use planning issues in London is being developed by the Department of the Environment to provide a framework within which the capital's local authorities can prepare their development plans. The ETB meanwhile has been asked to take a lead in discussing with financial institutions ways of improving the tourism industry's access to private sources of capital for new hotel development in London.

Education and Training

The report says that progress is being made in the provision of education and training for tourism. The MSC's Youth Training Scheme is providing about 11,000 training places in hotels, catering and the travel trade at a cost of some £20 million a year. The Department of Employment and the MSC have together taken action to increase young people's awareness of career opportunities in tourism, an initiative which should be assisted by improvements to the present system of vocational qualifications announced in the White Paper *Working Together . . . Education and Training* (see pp 230-3).

The report notes also that new courses at both advanced and non-advanced levels are being added to the existing wide range of courses offering qualifications in hotel, catering, travel and tourism subjects. The MSC's adult training programme is also being adjusted to take more account of the development of small firms in tourism.

In order to establish specific training needs in particular areas, the MSC, working jointly with education departments, runs a series of local collaborative projects to help employers and training providers to analyse and solve their training requirements. Such projects are to continue to be developed.

Overcoming Obstacles

The Department of Employment's Small Firms Service is to extend its ability to help tourism-based businesses; and the ETB is establishing a business advisory service, in conjunction with the English regional tourist boards, which will be launched in April 1987.

The Government aims to complete its review of requirements for the licensing of businesses, which are imposed by central and local government, as part of its deregulation drive (see pp 194-5).

Northern Ireland

While the proposals in the report are mainly concerned with tourism and leisure in Great Britain, many are relevant to the tourism industry in Northern Ireland as well. There is close liaison at ministerial level. A tourism policy guidelines statement for Northern Ireland covering the development of the industry in the next three years was published in February 1986.

Shorter Notes

TAXPAYER'S CHARTER

The Inland Revenue and Customs and Excise have jointly issued a taxpayer's charter setting out the rights and entitlements of taxpayers. The charter brings together and publishes for the first time the principles which the two departments try to meet in handling taxpayers' affairs, along with the rights and obligations which apply.

The charter says that taxpayers are entitled to expect the staff of the Inland Revenue and Customs and Excise to provide help and information with courtesy, consideration and promptness. To enable them to do this, they need to be given the full facts about a taxpayer's position. Taxpayers can expect their affairs to be handled with impartiality and confidentiality and to be required to pay only the amount of tax legally due. Unless there is reason to believe otherwise, taxpayers will be presumed to have dealt with their affairs honestly. The Inland Revenue and Customs and Excise will pay heed to the costs to different taxpayers of complying with their obligations (with special regard to the particular circumstances of small businesses). In applying their procedures, they will recognise the need to minimise compliance costs, subject to their duty to collect tax efficiently and economically.

The charter points out that taxpayers may ask the Inland Revenue or Customs and Excise to re-examine

a case which has been badly handled or where it is felt that tax has been miscalculated. A case can be reviewed by the head of the local office. If the taxpayer is still not satisfied, the matter can be taken up with the Inland Revenue Regional Controller or the Collector of Customs and Excise or with their headquarters. Beyond that, there are important rights to independent appeal. Taxpayers may also ask their Member of Parliament to take up their case with the relevant tax office, with the Treasury or with the Parliamentary Commissioner for Administration (the Ombudsman).

Source: HM Treasury press notice, 25.7.86.

MULTI-FIBRE ARRANGEMENT

Britain and 41 other countries reached agreement in Geneva on 1 August on an extension for a further five years of the Multi-Fibre Arrangement (MFA) of the General Agreement on Tariffs and Trade. The MFA permits a measure of restraint on imports of textiles into developed from developing countries. The previous arrangement expired on 31 July (see p 97).

After the conclusion of negotiations, the Minister for Trade, Mr Alan Clark, pointed out that the negotiating mandate agreed in March had provided for some liberalisation, especially for the poorest countries and for those with open markets to the exports of developed countries. He had been anxious to ensure that any new MFA continued to offer effective protection to the sensitive sectors of Britain's textiles and clothing industry. He welcomed agreement on a new protocol which would act as a basis for British industry to go on to develop its impressive export and profit performance of recent years.

The Minister explained that the process of negotiation was not yet complete. The protocol provided a framework for bilateral agreements with exporting countries to set the quota levels to be applied. Twenty-six of these, negotiated by the European Commission, would expire at the end of this year. Before then the Commission, together with member states of the European Community, would renegotiate the terms of new agreements, which would run into the 1990s.

Source: *British business*, 8.8.86.

COLLEGE OF THE AIR

The Government's proposal for the establishment of a College of the Air, an open college providing courses below degree level to help people to improve their vocational competence, was announced in the House of Lords on 18 July by the Secretary of State for Employment, Lord Young. Radio and television would support and broadcast open learning courses, while tutorials, practical training and other services would be provided by existing education or training facilities.

Lord Young said that the College of the Air, following on the measures outlined in the White Paper on vocational education and training (see pp 230-3), would offer 'further radical developments' in Britain's training and education systems. It would build on the developments resulting from the Open Tech Programme (see pp 269-71, 1982), a series of programmes (often involving the private sector), sponsored by the Manpower Services Commission, designed to introduce new courses of technician training and featuring the use of distance learning techniques. These techniques enabled people to undertake studies in particular subjects using books, other printed material, audio tapes and video tapes 'in their own homes or offices, at their own speed and at a time of their own choosing'. Since its establishment, £45 million had been invested in the Open Tech Programme, enabling some 50,000 students to obtain new skills and qualifications, and Britain had 'a leading position in this field'.

The College was planned to be a company limited by guarantee and registered as a charity, Lord Young continued, and it would be able to seek support from industry and commerce. Subject to a substantial financial commitment from industry, the Government would be prepared to join with others in acting as guarantors of the College. It was hoped that a self-financing institution would start broadcasting no later than September 1987 and that its courses could provide up to 1 million students within its first five years with the opportunities to progress towards vocational and technical qualifications.

He expected that the College's relationship with the broadcasting authorities would involve an agreement with the Independent Broadcasting Authority, within which there would be regular programmes on Channel 4 commissioned from a variety of sources, participation of the Independent Television companies in production and transmission of College programmes, and the involvement of independent local radio. The British Broadcasting Corporation had also expressed its willingness to provide series of programmes and course materials for the College as part of its continuing education output.

Source: *Hansard* (*HL*), Vol 478, No 133, cols 1094-6.

ROVER GROUP

The motor company formerly known as 'BL plc' was renamed 'Rover Group plc', with effect from 10 July.

On 24 July it was announced that the Group, which is currently in public ownership, is to sell to the private sector majority shareholdings in two of its subsidiaries – Unipart and Leyland Bus – and a one-third shareholding in Leyland Parts. These moves will leave Rover Group with three 'core' motor vehicle businesses – Austin Rover, Land Rover and Leyland Trucks. Details of the disposals were announced to the House of Commons by the Secretary of State for Trade and Industry, Mr Paul Channon. Agreement has been reached in principle for the sale of a 75 per cent shareholding in the Unipart Share parts business to a consortium of Unipart managers and British investment institutions. Up to 5 per cent of the ordinary share capital would be reserved for Unipart employees.

Three offers were made for Leyland Bus. The tender to be taken forward is that from a Leyland Bus management consortium, which has also reached agreement in principle with Rover Group on the purchase of a 33 per cent shareholding in Leyland Parts. Again employees will be able to participate in the shares of the new bus company. Mr Channon said there was substantial overcapacity in the traditional bus market and some measure of rationalisation would be inevitable under whatever ownership.

The Rover Group is expected to receive up to £50 million for the sale of the Unipart shareholdings, and some £11·7 million for Leyland Bus and the shareholding in Leyland Parts.

Source: *Hansard*, Vol 102, No 157, col 629.

OFFSHORE OIL AND GAS LICENSING

Details of the arrangements for the tenth round of offshore oil and gas licensing were given by the Minister of State for Energy, Mr Alick Buchanan-Smith, in the House of Commons on 15 July. Mr Buchanan-Smith said that a major objective was to 'consolidate on the ninth round and encourage exploration in areas which merit more intensive examination'. Developments in the United Kingdom Continental Shelf (UKCS) needed to be maintained to increase knowledge of Britain's oil and gas reserves and to provide potential for developments in the 1990s to replace existing fields when they started to decline. He believed that the UKCS remained 'one of the most attractive areas in the world for hydrocarbons exploration'.

Mr Buchanan-Smith said that most of the 127 blocks on offer were in mature oil and gas areas of the North Sea or on the fringes of mature basins, while a few were in frontier areas including the Rockall Trough and the Faroes Trough. He expected that about 50 to 60 blocks would be licensed. The closing date for applications was 17 February 1987. Applicants would be judged against the background of 'the continuing need for expeditious, thorough and efficient exploration to identify oil and gas resources of the UKCS, including deep-water and other frontier areas'. The terms on which licences would be awarded would be similar to those in the ninth round, although rental charges would be linked to movements in oil prices.

Source: *Hansard*, Vol 101, No 152, written answers, cols 442-3.

TIDAL ENERGY

A £5·5 million extension to Britain's tidal energy programme, which would include advanced investigations into a Severn Barrage, was announced in the House of Commons on 9 July by the Secretary of State for Energy, Mr Peter Walker. He referred to the publication that day of a detailed study[1] to assess the potential for harnessing the tidal power of the Severn Estuary, which had been undertaken by the Severn Tidal Power Group (comprising Sir Robert McAlpine and Sons, Balfour Beatty, GEC Energy Systems, Northern Engineering Industries, Taylor Woodrow Construction and Wimpey Major Projects) and jointly financed by the Group and the Department of Energy. The report analysed two possible barrages, the larger of which would be a 16·3-km (10·2-mile) barrage between Cardiff and Weston-super-Mare, with a capacity of 7,200 megawatts and an estimated capital cost of some £5,500 million at 1984 prices.

Mr Walker said that tidal energy was one of Britain's most promising renewable energy resources and the Severn Barrage could theoretically provide 5 per cent of current electricity requirements. The extent to which tidal energy was technically viable and could make an economic and significant contribution to electricity supply had to be discovered quickly. The Department of Energy was therefore launching the further programme with the intention of reducing uncertainty on costs, performance, and regional and environmental issues. Advanced investigations and site exploration of a Severn Barrage between Cardiff and Weston-super-Mare would be undertaken at a cost of £4·2 million, financed equally by the Department of Energy, the Central Electricity Generating Board and the Severn Tidal Power Group. Other features of the programme would be a grant of up to £400,000 towards the cost of studies into a Mersey Barrage, proposed by the Mersey Barrage Company (comprising a number of companies including Tarmac, Costain, Northern Engineering Industries and Blue Circle Cement); and generic studies, to be funded at a cost of some £300,000 by the Department of Energy, including construction techniques and the potential for tidal energy of small sites around Britain.

Sources: *Hansard*, Vol 101, No 148, written answers, cols 191-2; Department of Energy press notice, 9.7.86; and Severn Tidal Power Group press notice, 9.7.86.

[1] *Tidal Power from the Severn.* Available from Thomas Telford Ltd, 1-7 Great George Street, London SW1P 3AA. Vol 1. *Report.* £14·50. ISBN 0 7277 0358 7. Vol 2a. *Engineering and Economic Studies: Cardiff and Weston Scheme.* £34·50. ISBN 0 7277 0368 4. Vol 2b. *Engineering and Economic Studies: English Stones Scheme.* £24·50. ISBN 0 7277 0369 2.

SOCIAL AND CULTURAL AFFAIRS

Support for the Arts

The Government's commitment to the arts was reaffirmed by the Minister for the Arts, Mr Richard Luce, in a speech made on 9 July in which he also referred to the increasing importance of business sponsorship. Britain's first theatre museum is to be opened in London next year.

Minister's Speech

Speaking at the annual conference of the Council of Regional Arts Associations in Plymouth, Mr Luce said that the arts in Britain were 'flowering with almost astonishing vigour'. More people were going to the theatre than to football matches; the number of museums in England and Wales had doubled in the last 15 years and over 40 million people a year visited museums and galleries; and since 1945 seven new opera companies and five major dance companies had been set up, together with 30 new theatres in England alone.

The Government had created a climate of opportunity for the continuation of this remarkable expansion: between 1979-80 and 1986-87 central government expenditure on arts and libraries would have risen by more than 10 per cent in real terms. The Minister added that the arts ought never to depend solely on government financing and that funds for expansion should come from a multiplicity of sources, among which the box office was a major element. Business sponsorship was becoming an increasingly significant source of funding.[1] A further 64 arts organisations were to receive awards under the Government's Business Sponsorship Incentive Scheme (see pp 236-7,1984); they would benefit from over £1 million in new business sponsorship, to which the Government would add £600,000. The scheme had already provided £8·8 million for arts projects throughout the country (70 per cent of government funding had been used to support new arts sponsorship outside London).

Defending the Government's 'arm's length principle' in arts policy (whereby funds are provided by the Government indirectly to arts organisations through such bodies as the Arts Council[2]), Mr Luce maintained that it would be detrimental for the arts for ministers to be drawn into questions of the artistic policies of a particular region or a particular body within it. The arm's length principle ensured against political interference in the arts from the centre; and the Government was working towards even greater devolution of power in the arts. The abolition of the Greater London Council and the Metropolitan County Councils (see pp 108-9) had given further momentum to this devolution process with the transferring of their powers to fund the arts to the Arts Council and the regional arts associations.

Theatre Museum

Britain's first purpose-built theatre museum devoted to the performing arts has been constructed for the Victoria and Albert Museum on the site of the former flower market at Covent Garden in London, the Government's Property Services Agency announced on 11 July. The new museum, which will open after fitting-out of the interior in April 1987, is situated almost entirely underground in the basement of an old building. Its core contains exhibition areas and a small theatre with changing and make-up rooms. In addition there is space to house research collections, study facilities, costume stores, a photographic studio and offices, and facilities will be available for mounting performances to demonstrate the living art form.

[1]Total business sponsorship of the arts in 1985 is estimated to have been over £20 million.

[2]In 1986-87 the government grant to the Arts Council is £136 million. Following the abolition of the Greater London Council and the Metropolitan County Councils, extra central government funding totalling £43 million in 1986-87 is being allocated to support the arts to replace funding from these sources.

Shorter Notes

CORPORAL PUNISHMENT IN SCHOOLS

The House of Commons has decided by 231 votes to 230 to abolish corporal punishment in state schools. The vote was taken on 22 July at the end of a debate on amendments to the Education Bill (see pp 239-40). While Conservative members were given a free vote, the Secretary of State for Education and Science, Mr Kenneth Baker, had proposed during the debate on the second reading of the Bill that school governors, head teachers and parents should have the right to decide whether to retain or abolish corporal punishment in individual schools.

Source: *Hansard*, Vol 102, No 155, cols 226-78.

INTERNATIONAL CHILD ABDUCTION

New powers to secure the return of children abducted to or from the United Kingdom took effect on 1 August. From that date reciprocal arrangements for the return of children came into force between the United Kingdom and ten other countries. The new arrangements have been made under two international conventions (the Hague Convention on the Civil Aspects of Child Abduction and the Council of Europe Convention on the Recognition and Enforcement of Decisions Concerning Custody of Children and on Restoration of Custody) and the necessary changes to United Kingdom law were made by the Child Abduction and Custody Act 1985 (see p 67). The effect of both conventions is to enable a parent who has rights of custody of a child under 16 to enforce those rights in the courts of any other convention country. The courts will normally be required to order the return of the child without the parents having to fight a custody case overseas.

In addition to the United Kingdom the following countries have now ratified one or both conventions: Austria, Belgium, Canada, Cyprus, France, Hungary, Luxembourg, Portugal, Spain and Switzerland. It is expected that many more countries will ratify in the future. Each country will set up 'central authorities' to administer the new arrangements and assist parents of abducted children. In England, Wales and Northern Ireland the central authority is the Lord Chancellor and in Scotland the Secretary of State for Scotland. Parents of children who have been abducted will be eligible for legal aid.

Source: Lord Chancellor's Department press notice, 31.8.86

UK 2000

The Government has announced the launch of a special initiative to encourage a wide range of local environmental improvement work, to be undertaken both by volunteers and by the Manpower Services Commission (MSC) Community Programme teams of long-term unemployed people. The initiative is being co-ordinated by a new organisation called UK 2000, chaired by Mr Richard Branson, head of the Virgin Group of companies, and bringing together representatives of the participating organisations and a number of independent members in a partnership between the Government, the voluntary sector and the business world. A number of established national voluntary organisations have been invited to act as agents in launching the initiative. They include the British Trust for Conservation Volunteers, the Civic Trust, Community Service Volunteers, the Groundwork Foundation, the Keep Britain Tidy Group, and the Royal Society for Nature Conservation; others are expected to join later.

Government assistance will take the form of a grant in 1986-87 of some £750,000 from the Department of the Environment, with at least that amount in the following two years, and the Department of Employment is making available 5,000 places, at a cost of some £22 million a year, of the additional 35,000 places being provided in the expansion of the MSC's Community Programme announced in the Budget (see p 124).

Giving details in the House of Commons on 14 July Mr William Waldegrave, Minister for the Environment, Countryside and Local Government, said that the scheme's purpose was to tackle the problems of the built and natural environment, to provide challenging work and training and to create worthwhile new jobs, both in the improvement schemes themselves and in the new enterprises that some projects would help to generate.

Work under the scheme will focus on several areas: improving the urban environment by bringing neglected land into use as parks, footpaths, wildlife reserves or city farms; conserving and restoring the industrial heritage, with work on canals, railways and mills; tackling litter problems, especially on beaches and roadsides; helping tourists by improving information and facilities; and making more use of nature by improving lesser known and cared-for woodlands, ponds, paths and other habitats.

Sources: *Hansard*, Vol 101, No 149, cols 683-9; Department of the Environment press notice, 14.7.86.

DOCUMENTATION

General

Regional Trends 21. 1986 Edition. Draws together a wide range of government statistics on Scotland, Wales, Northern Ireland and the eight regions of England. HMSO, £17·50. ISBN 0 11 620153 3.

Government and Administration

Civil Servants and Ministers: Duties and Responsibilities. Government Response to the Seventh Report from the Treasury and Civil Service Committee, Session 1985-86, HC 92. Cmnd 9841. £2·40. ISBN 0 10 198410 3.

Control of Immigration Statistics. United Kingdom 1985. In 1985 the number of people accepted for settlement was 55,400, some 4,400 more than in 1984. This included 27,100 from the new Commonwealth and Pakistan – 2,300 more than in 1984. Cmnd 9863. HMSO, £8·15. ISBN 0 10 198630 0.

Judicial Statistics. Annual Report 1985. Cmnd 9864. HMSO, £11·60. ISBN 0 10 198640 8.

Report of Her Majesty's Chief Inspector of Fire Services 1985. Cmnd 9840. HMSO, £5·10. ISBN 0 10 198400 6.

External Affairs and Defence

UK-Soviet Relations. Report of the House of Commons Foreign Affairs Committee, Session 1985-86.

Vol I. Report, Appendices and Minutes of Proceedings. HMSO, £8·30. ISBN 0 10 291486 9.

Vol II. Minutes of Evidence and Appendices. HMSO, £15·40. ISBN 0 10 292686 7.

UK-Soviet Relations. Observations by the Government on the Second Report from the House of Commons Foreign Affairs Committee (see p 254). Session 1985-86. Cmnd 9842. HMSO, £2·40. ISBN 0 10 198420 0.

The Single European Act. Observations by the Government on the Third Report from the House of Commons Foreign Affairs Committee. Cmnd 9858. HMSO, £1·90. ISBN 0 10 198580 0.

South Africa. Sixth Report from the House of Commons Foreign Affairs Committee, Session 1985-86.

Vol I. Report, Appendices and Minutes of Proceedings. HMSO, £4·60. ISBN 0 10 011095 9.

Code of Conduct for Companies with Interests in South Africa. A revised European Community code of conduct which places greater emphasis on the role of independent trade unions representing black workers and which asks companies to pay greater attention to education, training, black career development and wider community projects. Another innovation is the section on encouragement of black businesses. It is intended that all European Community companies should observe identical procedures and reporting requirements, many of which are familiar to British companies (see pp 117-18). Cmnd 9860. HMSO, £2·40. ISBN 0 10 198600 9.

British Overseas Aid in 1985 (see p 262). Annual review of the work of the Overseas Development Administration. HMSO, £6·95. ISBN 0 902500 18 X.

The British Council Report 1985-86 (see p 269). British Council, £2·95. ISBN 0 86355 040 1.

The Defence Implications of the Future of Westland plc. Third Report from the House of Commons Defence Committee, Session 1985-86. HMSO, £6. ISBN 0 10 251886 6. Minutes of Evidence and Appendices. HMSO, £16·80. ISBN 0 10 216986 1.

Westland plc: The Government's Decision-making. Fourth Report from the House of Commons Defence Committee, Session 1985-86. HMSO, £5·60. ISBN 0 10 251986 2.

Falkland Islands Development Corporation. Report and Accounts for 1985. Records the Corporation's involvement in a programme of subdividing land for the benefit of local farmers, the establishment of a market garden, a survey of offshore fisheries, the establishment of a pilot processing plant for crabmeat, and the building of three lodges for tourists. Available unpriced from the Falkland Islands Development Corporation, Stanley, Falkland Islands or from the Falkland Islands Government Office, 29 Tufton Street, London SW1P 3QL.

Economic and Scientific Affairs

Inland Revenue. 128th report of the Commissioners for the year ended 31 December 1985. Cmnd 9831. HMSO, £9·80. ISBN 0 10 198310 7.

Personal Equity Plan Information Pack. Consists of two documents: *Personal Equity Plans: Technical Specification* and *Personal Equity Plans: A Guide for Plan Managers.* Inland Revenue and HM Treasury. £3·50. Available from Inland Revenue Reference Room, New Wing, Somerset House, London WC2R 1LD.

Cash Limits 1985-86 Provisional Outturn (and 1984-85 Outturn). Cmnd 9851. HM Treasury. HMSO, £5·45. ISBN 0 10 198510 X.

Insurance Annual Report 1985. Department of Trade and Industry. HMSO, £4·95. ISBN 0 11 513846 3.

The Regulation of Authorised Unit Trust Schemes. Consultative document. Department of Trade and Industry. Contains proposals for regulations to be made under the Financial Services Bill (see pp 51-4). HMSO, £9·85. ISBN 0 11 513849 8.

Changing Patterns of Work – How companies achieve flexibility to meet new needs (see p 272). A report prepared by the Institute of Manpower Studies for the National Economic Development Office in association with the Department of Employment. Available from NEDO Books, Millbank Tower, Millbank, London SW1P 4QX. £6·50. ISBN 0 7292 0788 9.

Vocational Education and Training. (Reproduced from *Survey of Current Affairs.*) COI, No 282/86.

Profit Related Pay: A Consultative Document (see p 273). Cmnd 9835. HMSO, £3·80. ISBN 0 10 198350 6.

Methodological Issues affecting the Retail Prices Index. Considers the possibility of rebasing the retail prices index, re-examines the treatment of housing costs in the index and looks into various technical issues concerning its coverage and construction. Department of Employment. Cmnd 9848. HMSO, £6·50. ISBN 0 10 198480 4.

Assistance to British Shipbuilders. Forty-third Report from the House of Commons Committee of Public Accounts, Session 1985-86. Department of Trade and Industry. HMSO, £3·40. ISBN 0 10 242786 0.

The General Electric Company plc/the Plessey Company plc. Cmnd 9867. A report by the Monopolies and Mergers Commission which finds that GEC's proposed acquisition of Plessey may be expected to operate against the public interest. (The Secretary of State for Trade and Industry has accordingly requested the Director General of Fair Trading to obtain undertakings from GEC not to proceed with its proposed acquisition.) HMSO, £9·80. ISBN 0 10 198670 X.

Profiting from Office Automation. A report by the Department of Trade and Industry on 20 pilot projects on office automation in the public sector. Available from the Department of Trade and Industry, IT3c, Room 613, 29 Bressenden Place, London SW1E 5DT. £10.

Action for Jobs In Tourism (see p 275). Department of Employment. Available free from Inf 4, Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

Tourism in the United Kingdom. First Report from the House of Commons Select Committee on Trade and Industry, Session 1985-86.

Vol 2. Minutes of Evidence and Appendices. HMSO, £17. ISBN 0 10 010605 6.

Digest of United Kingdom Energy Statistics 1986. Department of Energy. HMSO, £13. ISBN 0 11 412302 0.

Nuclear Power in Europe. Eighteenth Report from the House of Lords Select Committee on the European Communities, Session 1985-86.

Vol 1. Report. HMSO, £6·50. ISBN 0 10 494486 2.

Vol 2. Evidence. HMSO, £16·25. ISBN 0 10 494586 9.

Crude Oil Prices and their Relationship to Retail Petrol Prices. Fifth Report from the House of Commons Energy Committee, Session 1985-86. HMSO, £6·50. ISBN 0 10 247986 0.

British Gas Corporation. Annual Report and Accounts 1985-86. British Gas Corporation. Available from HMSO, £2. ISBN 0 903545 36 5.

National Coal Board. Report and Accounts 1985-86. Available from British Coal, Purchasing and Stores Department PB2, Coal House, Doncaster DN1 3HD. £3·25. ISBN 0 906394 11 2.

The Electricity Council. Annual Report and Accounts 1985-86. Available from the Electricity Council, 30 Millbank, London SW1P 4RD. £2·50. ISBN 0 85188 108 4.

Central Electricity Generating Board. Annual Report and Accounts 1985-86. Available from the Central Electricity Generating Board, Department of Information and Public Affairs, Sudbury House, 15 Newgate Street, London EC1A 7AU. £2. ISBN 0 902543 82 2.

South of Scotland Electricity Board. Report and Accounts 1985-86. Available from South of Scotland Electricity Board, Cathcart House, Glasgow G44 4BE. £2.

Government Response to the Fifth Report of the [House of Commons Transport] *Committee, Session 1984-85, and the First and Second Reports of the Committee, Session 1985-86.* Second Special Report from the House of Commons Transport Committee. Contains the Government's reply to the Committee's reports on marine pilotage, the Channel Fixed Link and tolled crossings (for publication details see p 304, 1985, and pp 28 and 133 respectively). HMSO, £3·40. ISBN 0 10 257186 4.

London Regional Transport. Report and Accounts 1985-86. Available from LRT, 55 Broadway, London SW1H 0BD. £1·50.

Review of Structural Maintenance of Motorways and All-Purpose Trunk Roads. HMSO, £5·50. ISBN 0 11 550750 7.

Study of Second Severn Crossing: Final Report: Summary. The Secretary of State for Transport and the Secretary of State for Wales have considered the consultants' findings and recommendations, and have decided that a second road crossing of the Severn should be built. Second Severn Crossing Group. Department of Transport. HMSO, £5. ISBN 0 11 550777 9.

National Bus Company. Annual Report 1985. Available from the National Bus Company, 172 Buckingham Palace Road, London SW1W 9TN. £2·50.

British Railways Board. Annual Report and Accounts 1985-86. Available from HMSO, £4.

British Airports Authority. Annual Report and Accounts 1985-86. Available unpriced from BAA Corporate Office, 130 Wilton Road, London SW1V 1LQ. ISBN 0 903460 29 7.

The Post Office. Report and Accounts 1985-86. Available from the Post Office, 33 Grosvenor Place, London SW1X 1PX. £1·50. ISBN 0 946165 00 9.

The Future of the Science Budget. The Government's Response to the First Report from the House of Commons Education, Science and Arts Committee, Session 1984-85. An article summarising the response will appear in the September edition of *Survey of Current Affairs*. Cmnd 9849. HMSO, £2·40. ISBN 0 10 198490 1.

Science and Public Expenditure 1986. A report to the Secretary of State for Education and Science from the Advisory Board for the Research Councils. Available unpriced from the Department of Education and Science, Room 5/61, Elizabeth House, York Road, London SE1 7PH.

Marine Science and Technology. The Government Response to the Second Report of the House of Lords Select Committee on Science and Technology, 1985-86 Session. A brief summary of the response will be given in the September edition of *Survey of Current Affairs*. Cmnd 9861. HMSO, £2·40. ISBN 0 10 198610 6.

Learning to live with IT (see p 274). A Report by the Information Technology Advisory Panel. Cabinet Office. HMSO, £4. ISBN 0 11 630831 1.

Metrological Control of Equipment for Use for Trade: Government Response to the Report of the Eden Committee. Cmnd 9850. Accepts the proposal of the Eden Committee (see p 248, 1985) that industry should be 'accredited' for the self-certification of the fitness of weighing and measuring equipment for use for trade. HMSO, £2·90. ISBN 0 10 198500 2.

Water Pollution from Farm Waste: 1985 Survey. Available from Water Authorities Association Publications, St Peter's House, Hartstead, Sheffield S1 1EU. £3·50.

Hazardous Waste Management: Ramshackle and Antediluvian. Second report of the Hazardous Waste Inspectorate on the management and disposal of hazardous wastes in Britain. Available free from Hazardous Waste Inspectorate, Room A538, Romney House, 43 Marsham Street, London SW1P 3PY.

Radioactive Waste. The Government's Response to the House of Commons Environment Committee's Report. An article summarising the White Paper will appear in the September edition of *Survey of Current Affairs*. Cmnd 9852. HMSO, £3·40. ISBN 0 10 198520 7.

Social and Cultural Affairs

Health Service Commissioner. Annual Report for 1985-86. HMSO, £5·20. ISBN 0 10 248186 5.

Department of Education and Science Annual Report 1985. HMSO, £6·50. ISBN 0 11 270593 6.

Racial Attacks and Harassment. Third Report from the Home Affairs Committee of the House of Commons, Session 1985-86. Contains recommendations on additional measures that should be taken by the police and local authorities to deal with these offences which occur mainly in certain parts of London and other cities and are directed largely against Asians. HMSO, £6. ISBN 0 10 240986 2.

Homes Through Housing Associations. The Housing Corporation Report 1985-86. Available free from the Housing Corporation, 149 Tottenham Court Road, London W1P 0BN.

Report of the Broadcasting Complaints Commission. HMSO, £6. ISBN 0 10 250586 1.

The IBA Annual Report and Accounts 1985-86. Available from the Independent Broadcasting Authority. £4·50. ISBN 0 900485 51 5.

© *Crown copyright 1986*
Printed in the UK and Published by
HER MAJESTY'S STATIONERY OFFICE
£1.80 net

Annual subscription including indices and postage £22·50
Dd 8844436 C10 AUGUST/1986
ISBN 0 11 722826 5 Vol. 16 No. 8
ISSN 0039—6214